

# Victoria State Emergency Service

Annual Report 2017-18



*Safer Communities - Together*

This report provides an account of VICSES during the 2017-18 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 2017-18 financial year.

**This report is available for viewing online:**

[ses.vic.gov.au](http://ses.vic.gov.au)

**Additional copies may be obtained from:**

Victoria State Emergency Service  
168 Sturt Street  
Southbank VIC 3006

**T** +61 3 9256 9000

**F** +61 3 9256 9122

**[ses.vic.gov.au](http://ses.vic.gov.au)**

# Contents

## Part 1: About us

Year at a glance – 2017-18	4
About us	5
Chair's foreword	9
CEO's report	10
Our board	12
Our executive	13
Corporate governance	14

## Part 2: Our work

Our work	20
Key performance measures	25
Operations	26
Operations of significance	32
Our people	34
Our relationships	41
Working on the business	45


## Part 3: Financial reports

Five year financial summary	52
VICSES Financial Statements for the year ended June 2018	54
Disclosure Index	122

# Year at a glance – 2017-18

## We are

Control Agency for **5** hazards



- 24hours p/day
- 7 days p/week
- 365 days p/year

Operating since **1950**

## People

**226** Employees

**42% female leadership**  
(Directors and Senior Managers)

**5,091** Volunteers

**33% Female**

**77% Male**

**28% female leadership**  
(Unit Controllers, Deputy Controllers and Officers)

## Skills and training

**17,163** Training certificates issued during financial year

**6,836** aligned to nationally accredited training program

## Footprint

**149** Units across Victoria

**102** Units accredited to perform road rescue

## Operational

**263,259** operational hours

**27,668** requests for assistance

**15,327** in Melbourne and Central Region

**12,297** in regional Victoria

**50** Declared Operations

**13,000** staff hours

- 19,730 Callouts for storm
- 547 Rescues
- 2,570 Callouts for flood
- 1,459 Road Air Rail Industrial Rail incidents
- 2,054 Times supporting other agencies

# 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 Emergency Services. Operating since 1950, VICSES covers all of Victoria, via 149<sup>1</sup> 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 102 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 Values

### We pride ourselves on our credibility

- 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.

### We are part of our community

- 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.

### Safety drives our decisions

- 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

---

<sup>1</sup> This includes 141 stand-alone units, seven regional support units and one state support unit.

## Focused and adaptable

- 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.

## Together we are VICSES

- 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.

## 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 Victoria State Emergency Service.

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.

## VICSES today

VICSES actively embraces volunteerism, with a focus on the volunteer experience, that better meets family and work needs. We strive to be an organisation of choice for people and partners.

Diversity is the key to our success and VICSES is proud to celebrate an inclusive and supportive culture across the entire organisation. We're extremely proud of our diverse workforce; 33% of VICSES volunteers are female, as is 28% of our Unit leadership team. In metropolitan and regional locations across the State, our people reflect the diversity of their communities.

## Fire and Emergency Male Champions of Change

VICSES CEO Stephen Griffin is a member of the Fire and Emergency Male Champions of Change, and a passionate advocate for the advancement of gender equality and cultural diversity within VICSES.

Established in April 2017, the aim of the Fire and Emergency Male Champions of Change committee is to develop inclusive cultures and achieve significant and sustainable improvements in the representation of women in the emergency management sector. The organisation comprises Chief Executives and Commissioners of more than 30 agencies across the fire, emergency and land management industries in Australia and New Zealand.

Leading from Stephen Griffin's involvement in this committee, a number of initiatives were rolled out throughout VICSES during the 2017-18 financial year, including 'Listen and Learn' sessions to hear from

VICSES women on concerns and issues they face, along with gender equality workshops with male staff. The feedback gained from these sessions will be developed into new strategies to improve gender equality and diversity throughout the organisation.

### **Community resilience**

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.

### **Municipal emergency management plans**

We also play a vital role between levels of government as the agency responsible for auditing municipal emergency management plans.

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.

## **Where we work**

VICSES operates 13 permanently staffed offices, including the Victorian Head Office based in Southbank. We also operate 149<sup>2</sup> units across Victoria, which are divided into six regions (Figures 1 and 2).

---

<sup>2</sup> This includes 141 operational units, seven regional support units and one state support unit.

In 2017-18, VICSES volunteers attended over 27,668 incidents and contributed 263,257 hours of operational time to helping Victorians in trouble.

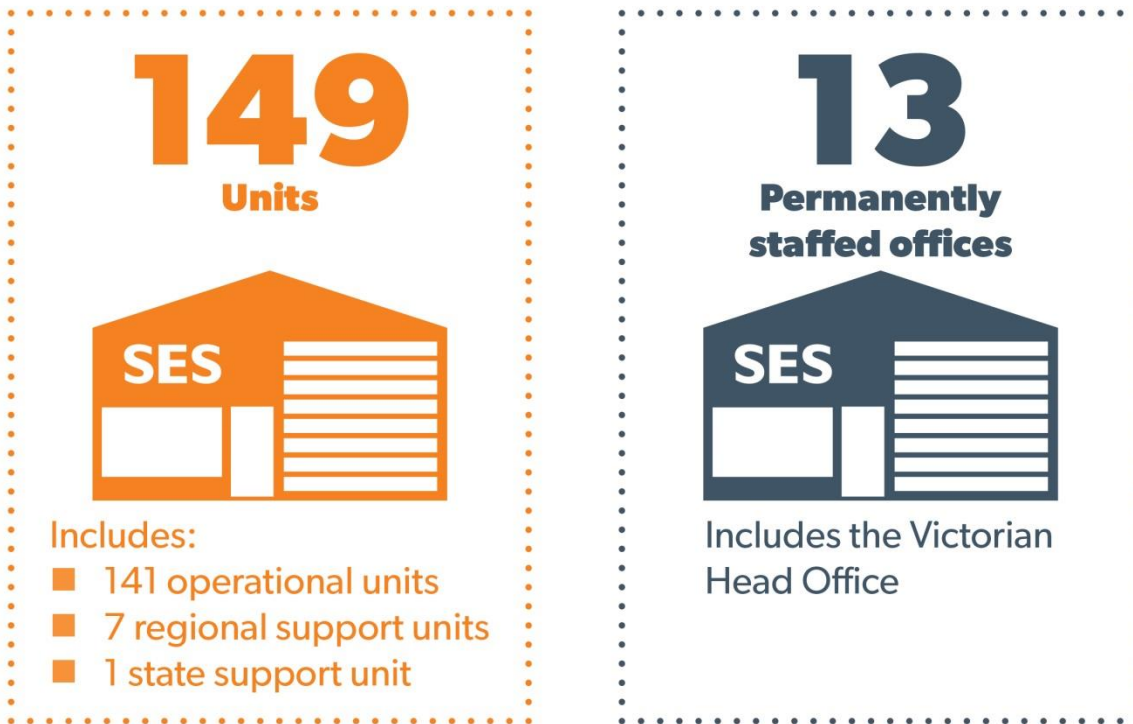


Figure 1.

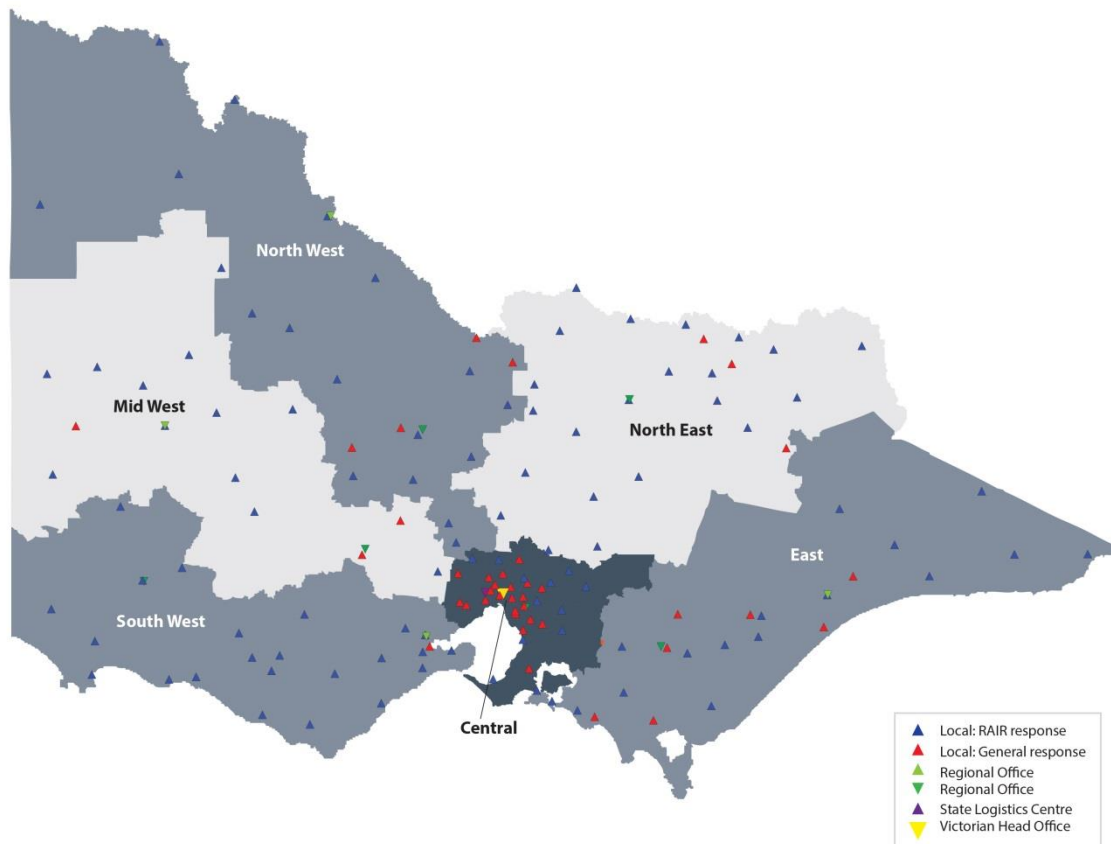


Figure 2.



## Chair's foreword

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

I would like begin by extending my appreciation to our members for their efforts keeping Victorians safe throughout the year, through weather events, search and rescues, assisting partner emergency service agencies, and more. The role you – our volunteers – play in your communities, balancing everyday jobs with helping the needs of Victorians, is tremendously valued. As Chairman of the Board, I am immensely proud of what you achieve.

I would also like to thank the many employers who release their VICSES volunteer staff members from their work in order to respond to emergency calls.

In March 2018 the VICSES Board was pleased to endorse the VICSES 2018-2022 Strategic Plan, following extensive engagement within our organisation, our sector and our local communities.

VICSES has a long and proud history of serving Victoria with a simple vision: Safer Communities – Together. As we look towards the future, the VICSES Strategic Plan will enable us to continue this important work. We are an organisation of more than 5,000 passionate and dedicated volunteers and staff, and we are proud of our distinctive brand and in how we actively embrace volunteerism. The Strategic Plan supports a continued focus on supporting the volunteer experience. It supports our commitment to investing in our people, our capabilities, the way we operate and our technology to achieve this aspiration, and to continue to support the emergency service sector and our partners.

This plan sets the four-year strategy and direction for VICSES, and sets ambitious targets for the sustainability of our organisation, our community reach, and our network strength and connectivity with others for building safer and more resilient communities.

A revision of the VICSES values was a significant component of this work, and was undertaken to ensure the values reflect the organisation we are today, and resonate with the principles and behaviours that are important to our people. A number of working groups and discussions were held to devise a set of five new values and associated behaviours, and these will be rolled out extensively this year. The enthusiasm from our people in this project demonstrates the passion within this organisation. I would like to thank everyone who was involved in this very important piece of work.

Twice per year the Board convenes in regional areas, as part of our commitment to stay engaged with VICSES members and communities across Victoria. During the 2017-18 financial year, the Board had the pleasure of travelling to Ballarat in Victoria's Mid West and Wodonga in the North East, to meet and engage with volunteers, mayors, council Chief Executive Officers (CEOs) and business leaders to discuss local matters and priorities. These experiences are always valuable, and help to ensure that as a board, we are in touch with the interests of local communities.

In other board news, in December 2017 the Board reappointed Bernie Cronin for a further period of three years. Bernie was first appointed in 2014 and has made a valuable contribution since that time. I congratulate him on his reappointment.

To close, I would like to thank and acknowledge the Board, the CEO, Executive Management Team and our volunteers and staff for their hard work throughout the year.

I declare that the attached report of operations has been prepared in accordance with the 2017-18 Model Report for Victorian Government Departments and applicable Financial Reporting Directions relating to non-financial policy and disclosures.



Peter Akers  
Board Chair  
Melbourne, 10 September 2018

# CEO's report

I am pleased to present our Annual Report for 2017-18, following another busy year for VICSES.

I would like to open by noting that it was with great sadness that we learnt of the passing of Assistant Chief Officer John Parker, Regional Manager for the North West Region, in January. John was a wonderful colleague and respected member of VICSES and the emergency sector, having served in head office and a number of regions for over 14 years, in addition to MFB. The loss has been felt across the organisation.

In March this year, I was pleased to announce the VICSES 2018-2022 Strategic Plan, setting the direction and informing the strategy of VICSES for the next four years. The Strategic Plan supports our commitment to investing in our people, our capabilities, the way we operate, and to continue to support the emergency service sector and our partners.

I wish to thank the Victorian government for its continued support of VICSES. In December 2017, Minister for Emergency Services, James Merlino, signed a Memorandum of Understanding (MOU) between VICSES, the Victorian Government, and the Municipal Association of Victoria (MAV) to help secure the future of VICSES units on land owned or managed by local councils. The MOU facilitates long-term leases with VICSES units on minimal or nominal rent and assigns responsibility for the funding of operational and maintenance costs for the term of the lease to the State. In November 2017, 45 VICSES units were also awarded grants equalling \$2.05 million. This, in addition to the \$27 million in funding announced for major unit developments and critical equipment such as trailers and boats, demonstrates the strong support we have from the government for the work that we do.

In December 2017 we bid farewell and thanks to our Chief Officer Operations Trevor White as he headed off on retirement, and I was proud to welcome Tim Wiebusch to the role following 12 years' service for VICSES and an extensive career in government and emergency services.

Once again, our volunteers worked tirelessly to support their communities through storms, floods, road rescues, and support for our partner agencies this year, responding to a total of 27,668 incidents across the state.

In December 2017, widespread heavy rains and flooding affected several locations across the state, leading to more than 3,000 calls for assistance in a single weekend. It was encouraging to see the public respond to proactive preparedness messaging and take steps to protect homes and businesses, which will surely have resulted in less damage, fewer threats to safety, and a reduction in requests for emergency services. It can take as little as 15cm of water – about the height of an average pen – for a vehicle to lose traction and start to float. This surprising fact underpinned our '15 to Float' campaign, developed and launched in 2016-17, and deployed tactically during significant rain events throughout 2017-18. The '15 To Float' campaign received a highly commended award at the Emergency Media and Public Affairs Award Ceremony for Excellence in Emergency Communication in June 2018.

March of this year also saw devastating fires and storms sweep across the South West, followed by peat fires that smouldered for weeks. VICSES volunteers from across the South West region and beyond provided Incident Management Team (IMT) and on-the-ground support to reduce the threat to the affected communities; assisting fire fighters, clearing trees, assisting evacuations, rescuing persons and providing lighting.

The Easter long weekend saw VICSES host 29 TOLL Driver Reviver sites across Victoria, encouraging drivers to rest, revive and arrive alive at their destination. As the largest provider of road rescue services in Victoria, Driver Reviver remains for us an important campaign, helping to alleviate fatigue and prevent road collisions.

Finally, I would like to acknowledge our members who received Australia Day honours for their extraordinary contribution to the Victorian community. Congratulations to, Mildura Unit Controller, Michael Hellwege (Australia Day Emergency Services Medal); Gisborne Deputy Controller of Operations, Dianne Dale (Macedon Ranges Citizen of the Year Award); Chelsea Unit Controller, Ron Fitch (City of Kingston Outstanding Citizen Award); and former Stratford Unit Controller, Steve Pendrick (Wellington Shire Citizen of the Year). Dianne, Ron, Michael and Steve are all outstanding leaders, and the recognition is well deserved.

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

A handwritten signature in black ink, appearing to read 'S. Griffin', with a stylized flourish at the end.

Stephen Griffin  
Chief Executive Officer  
Melbourne, 10 September 2018

## Our Board

VICSES is governed by a board of directors who are accountable to the Minister for 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 the Municipal Association of Victoria, 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 took up a Board position in January 2016, and is 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 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 on 7 February 2017 and to the Risk and Audit Committee on 23 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 over 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 (SPA). He leads the Corporate Services directorate encompassing the Finance, Projects, Planning and Risk, Information Services and Assets and Infrastructure business units.

## **Tim Wiebusch, Chief Officer Operations**

Tim Wiebusch was appointed Chief Officer Operations in December 2017, after 12 years 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 (DEDJTR) and Emergency Management Victoria (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, 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 past 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 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 new 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 Emergency Services. The Board consists of seven directors appointed by the Governor in Council on the recommendation of the Minister for 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 to 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

Details of the number of meetings held by the Board and its committees during the 2017-18 financial year, and attendance by Board directors, are set out below:

Board		Board sub-committees	
Board Directors	Board meetings	Risk and Audit Committee	Remuneration Committee
P Akers	11		2
B Yeoh**	10	3	2
N Brooks*	8	2	2
E Duke	10	4	
L Borowick	8	3	
L Russell	11		
B Cronin***	8		

\*Appointed to Risk and Audit Committee 12 September 2017.

\*\*Reappointed to board 26 September 2017.

\*\*\*Reappointed to board 12 December 2017.

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

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

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.

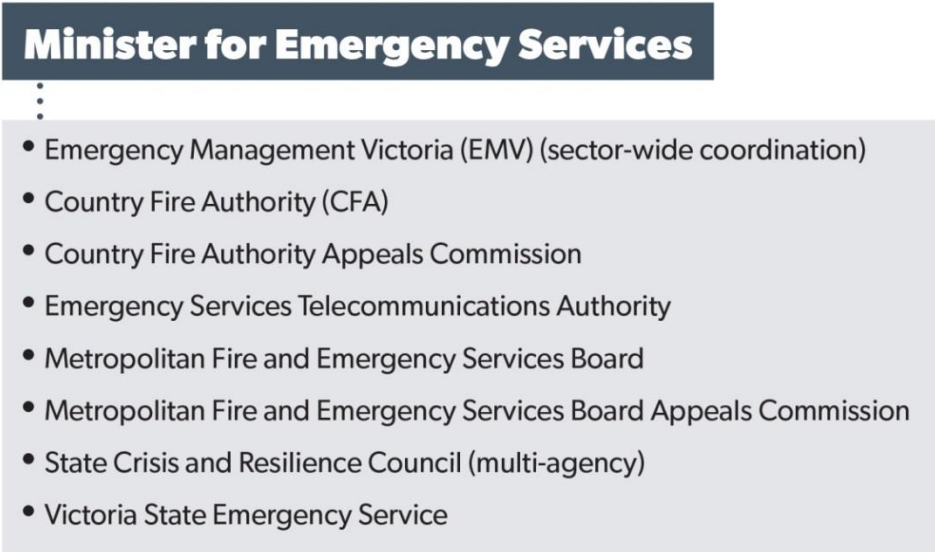


**Sub-committees at 30 June 2018**

Risk and Audit Committee	Remuneration Committee
B Yeoh (Chair)	P Akers (Chair)
E Duke	B Yeoh
L Borowick	N Brooks
N Brooks (Appointed 12 September 2017)	

**Organisational charts**

**Ministerial reporting**



**VICSES structure**





# Governing policies

## Information Governance

In accordance with a State Government CIO Council requirement, VICSES has a dedicated committee to deal with information management matters. Specifically, this body ensures VICSES is able to provide a coordinated, strategic approach to dealing with information and data management issues including Freedom of Information (FOI), records management, data retention, data accuracy, privacy and information security.

## Freedom of Information

VICSES is subject to the *Freedom of Information Act 1982*. During the 2017-18 financial period, VICSES received 16 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.

## Subpoenas

During the 2017-18 financial year, VICSES responded to 1 subpoena for documents.

## Privacy

As a Victorian statutory authority, VICSES is required to collect, use and disclose personal information in accordance with the *Privacy & Data Protection Act 2014 (Vic)*. VICSES runs regular privacy training and awareness initiatives as well as providing 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 publish its datasets on Victoria’s open data directory, at [www.data.vic.gov.au](http://www.data.vic.gov.au).

## Gifts, Benefits & 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 & Hospitality Register on a quarterly basis on our website at [www.ses.vic.gov.au/who-we-are/publications](http://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. Further information about this policy can be obtained from the Information & Records Manager via the contact details on the back cover of this report.

## 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 2017-18 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 2017-18 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 completion 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**

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 the Victoria State Emergency Service 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 2017-18	Future Commitments
<b>Under \$10,000</b>				
4 consultants in total		24,200.00	24,200.00	-
		24,200.00	24,200.00	-
<b>Over \$10,000</b>				
Consultant	Service			
Bell Rock Business	Risk Review and Operational Risk Workshops	26,700.00	26,700.00	-
Boolean	Enterprise Architect Services	10,850.00	10,850.00	-
Campaign Edge	Just in Case Case	20,000.00	20,000.00	-
Colmar Brunton	Post Event Research	77,900.00	77,900.00	-
DB & E Solutions	Asset Portfolio Management	16,000.00	16,000.00	-
Katrina Murphy	IR Services	21,585.50	21,585.50	-
Right Lane Consulting	Values Refresh & Rollout	32,219.01	32,219.01	-
Right Lane Consulting	Corporate Plan Development	74,764.59	74,764.59	-
Sense of Security	VPDSS Compliance Project	34,200.00	34,200.00	-
Terra Firma	Business Continuity Management Plan	13,700.00	13,700.00	-
		<b>327,919.10</b>	<b>327,919.10</b>	-

## Information and Communication Technology expenditure

As at June 30 2018, total ICT expenditure was \$4.4m. Details below:

Business as Usual ICT Expenditure	Non-Business as Usual ICT Expenditure	Non-Business as Usual Operational Expenditure	Non-Business as Usual Capital Expenditure
Total \$m	Total A + B \$m	A \$m	B \$m
3.9	0.5	0.3	0.2

# Our work

In 2018, VICSES launched a series of strategies to guide the organisation and the way we work now and throughout the next three to four years.

The following strategies are available to download on the VICSES website at: [www.ses.vic.gov.au/who-we-are/publications](http://www.ses.vic.gov.au/who-we-are/publications)

## Renewed VICSES Values

In 2017, VICSES initiated a project to define an evolved set of values that better reflect VICSES today, and support the behaviours and characteristics we pride ourselves on as an organisation.

A consultation process, including working groups and focus groups, was carried out with VICSES volunteers and staff to review our current values and better understand what resonates with the VICSES of today.

A set of five new values was ultimately decided upon through this process, along with a set of commitments that outline the behaviour and attitudes associated with each. The values were approved by the Board in December of 2017 and roll-out commenced throughout the organisation in May 2018. A range of initiatives to embed the values - also devised via voluntary volunteer and staff working group sessions – have also been developed to ensure a lasting impact on our culture and behaviour.



We pride ourselves on our credibility



We are part of our community



Safety drives our decisions



Focused and adaptable



Together we are VICSES

## Strategic Plan 2018-2022

On 1 March 2018, VICSES launched the 2018-2022 Strategic Plan, comprising a four-year strategy, and setting ambitious targets for the sustainability of our organisation, our community reach, and our network strength and connectivity with others to build safer and more resilient communities.

Development of the Strategic Plan involved extensive engagement within the organisation, our sector and our local communities.

VICSES has a long and proud history of serving Victoria with a simple vision: *Safer Communities – Together.*

We are proud of our distinctive brand and in how we actively embrace volunteerism. The Strategic Plan supports a commitment to the 'volunteer experience' and investing in our people, our capabilities, the way we operate and our technology to achieve this aspiration, and to continue to support the emergency service sector and our partners.

Success will be measured against the following three fundamental goals and related measures:

- We will be a sustainable organisation to take us into the future:
  - Strong financial viability.
  - Improved Government funding to meet volunteer unit operating costs.

- Fit for purpose organisational and volunteer unit structure, funded and delivered.
- Agreed and clear scope of services provided to the community.
- We will be an organisation of choice for people and partners:
  - Increased satisfaction of our people.
  - Increase in resilience-based collaborations.
  - Increase in formal partnerships to deliver services.
- We will work with and empower the community to build confidence and resilience:
  - Increased awareness of risk in the community.
  - Increased community participation in preparedness and response activities and programs.
  - Levels of community trust and recognition of VICSES are maintained.
  - Improved VICSES operational capability.

The Strategic Plan is one in a set of interdependent VICSES strategies (Figure 3), each comprising a unique set of measures for evaluation. See an overview of the key strategies released during the financial year, as follows. Visit [www.ses.vic.gov.au](http://www.ses.vic.gov.au) to view the complete strategies.

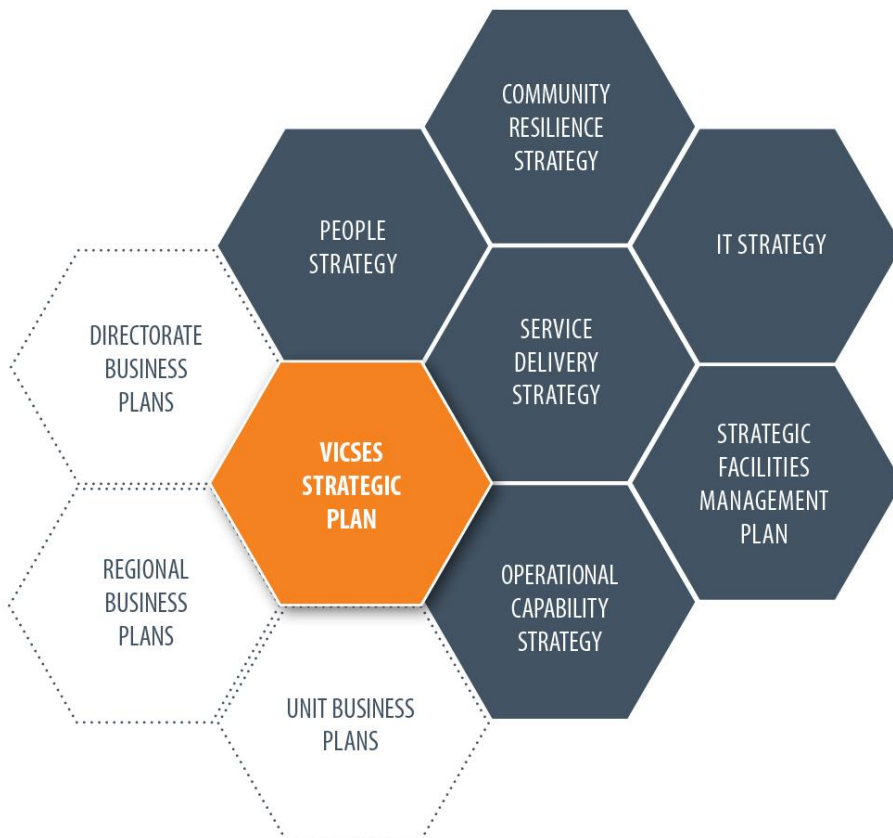


Figure 3.

## Community Resilience Strategy Year One Outcomes Report

The Year One Outcomes Report was released in February 2018, following the launch of the VICSES Community Resilience Strategy in July 2016; presenting key highlights, activities and outcomes from the Community Resilience Strategy implementation that took place during the period of 2016-17.

The Community Resilience Strategy is an important element of realising our vision of *Safer Communities – Together*, and includes a three year plan for building community resilience, through:

- Making us accountable to deliver our corporate imperatives;
- How we will join and connect with communities;
- How we will develop positive partnerships;
- How we will meet our traditional and emerging accountabilities as an emergency service organisation; and
- How we will provide and share timely, effective reporting that's meaningful.

VICSES will deliver an outcomes report for each year of the Strategy timeline.

## **Service Delivery Strategy 2025 – Planning the future together**

In 2018, the VICSES Service Delivery Strategy 2025 transitioned to business as usual following three years in development.

With many changes effecting our organisation, including rural decline in some areas, and rapid population growth in another, climate change and tight economic conditions, the Service Delivery Strategy centres on the sustainability of VICSES and our units to ensure we are able to evolve to meet the changing needs of our local communities.

The Service Delivery Strategy is the result of wide-scale consultation with staff, volunteers, and communities, and highlights a continued desire to deliver the best public safety outcomes for the communities we serve. The finished strategy determines the front-line services we will deliver into the future and how we can most effectively deliver them.

Now complete, this work is transitioning to business as usual (BAU) as the various initiatives and pilots in the challenge and growth areas transfer to the appropriate directorates and regions.

## **Operational Capability Strategy 2017-22**

Traditionally, operations in VICSES and emergency services have focused on the response phase, such as rescue personnel attending incidents, and the structure, command and control arrangements supporting that response.

In recent times, the sector and our service has challenged and evolved the thinking around what we mean by operations in our service to our communities.

To work effectively as one with other agencies, VICSES has considered how we build our capability to meet community needs, and how we invest in resources across communities, agencies and organisations.

In April 2018, the VICSES Operational Capability Strategy 2017-22 was unveiled to address these important concerns, built on extensive consultation with our members and key partner agencies. This strategy reflects our existing capability and provides a pathway for developing and applying our operational capability into the future.

## **Other key activities**

### **Volunteer Unit Building Capital Works**

VICSES received funding in 2017-18 to establish six new units – Cranbourne, Caroline Springs/ Plumpton, Clyde, Craigieburn North/ Kalkallo, Officer and Point Cook.

Additional funding was received to initiate a number of unit relocations for Chelsea, Broadmeadows, Northcote (Heidelberg West), Cobram, Wonthaggi and Skye.

VICSES looks forward to working with the new Emergency Services Infrastructure Authority (ESIA), formally established 1 July 2018, to ensure the efficient, effective, timely and transparent delivery of built infrastructure projects to support our volunteers in the critical work they do in protecting communities.

ESIA will work with VICSES to ensure the delivery of built infrastructure projects occurs in consultation with local communities, local government, sector organisations and volunteers.

## **Memorandum of Understanding**

The announcement of the Volunteer Unit Building Capital Works funding coincided with a decision by the Minister and the Municipal Association of Victoria (MAV) to address the burden placed on local government for VICSES volunteer unit building maintenance.

A Memorandum of Understanding (MOU) was subsequently signed between the Victorian Government, VICSES and MAV that VICSES would assume responsibility for volunteer unit maintenance in exchange for long term security of tenure on sites leased from local councils. The Board agreed to the establishment of a new business unit titled Facilities and Capital Works to manage these activities.

Under the new MOU, MAV will facilitate long-term leases with SES units on minimal or nominal rent, securing the future of SES units on land owned or managed by local councils.

Provided that a Municipal Council enters, or has entered, into a lease or leases with VICSES for the benefit of one or more VICSES Units in the Municipal District of the Municipal Council within 12 months after the Commencement Date, then the State will be responsible for the funding of operational and maintenance costs of the relevant VICSES Unit for the term of the lease.

The MOU replaces the previous funding arrangement which stated that councils and the Victorian Government contributed a 50-50 funding split to cover units' operating costs.

Under the new agreement, relevant councils are not expected to contribute funding to the operational costs of SES units.

## **Volunteer IMT development**

The Volunteer IMT project is focused on addressing IMT capability gaps in VICSES, through the development of volunteer members to perform IMT roles.

The specific objectives of the IMT project include: linking appropriate volunteer members to IMT role pathways and helping develop IMT progression plans in consultation with regional and state staff; and providing key advice for facilitating the development of volunteers in IMT roles, including the development of volunteer-friendly training options.

Presently 197 identified volunteers have responded to the offer (an increase from 85 in 2017), and 145 of those have started their journey towards an agreed IMT role (an increase from 69 in 2017). Each region is represented.

Most of these volunteers have now had a detailed discussion regarding the pathway to their preferred role and have completed, or are working on, their personal development plans. Fifty-two volunteers have successfully completed, or nominated for and been authorised to attend, EMV courses for the roles of Operations Officer, Mapping Officer, Situations and Analysis Officer, Introduction to Logistics, Information and Warnings Officer, Public Information Officer, Safety Officer, Community Liaison Officer, Media Officer, Planning Officer and Numurkah Staff Ride.

One volunteer has achieved accreditation in an IMT role this financial year, and already one has been identified as suitable for assessment at the next sitting of the panel later in 2018.

Volunteers have taken the opportunity to shadow staff and perform IMT roles in events across the state including storms and fires. The project team is nearing the end of the development of a database which details all volunteers and staff in development towards or holding IMT qualifications to aid in the rapid and appropriate resourcing of IMTs going forward.

This project recognises our volunteer members as individuals with diverse and valuable skill sets outside of operational volunteering. It is also an excellent way to retain the extensive knowledge gained over long-term volunteering, which may otherwise be lost when a volunteer decides they no longer wish to continue to respond operationally in the field. The response from our members has been overwhelmingly positive.

## **Development of Landslide Emergency Arrangements**

VICSES was appointed the control agency for landslide in Victoria in September 2016, and has been building capability and knowledge of the hazard throughout the last 12 months.

Given the command and control arrangements would not differ from those outlined for other Class 1 Emergencies within the State Emergency Response Plan (SERP), VICSES together with EMV, made a decision to develop a Hazard Plan, rather than a SERP sub-plan, for the landslide hazard. A Hazard Plan provides greater flexibility on outlining how VICSES will carry out its duties as the control agency before, during and after a landslide emergency along with detailing the key roles other agencies such as land managers and road authorities will play during a landslide emergency.

Some limitations remain in regards to managing landslides in Victoria. This includes the lack of a single consolidated inventory of all landslide incidents in Victoria as well as a state-wide consistent map of landslide risk and susceptibility combining multiple local-led risk assessments. VICSES has worked with the EMV Community Based Emergency Management team to begin scoping a project that would seek to consolidate hazard datasets and mapping across government agencies and to then seek potential grant funding opportunities.

VICSES convened a multi-agency working group to discuss landslide arrangements, populate the plan and workshop other readiness, response and recovery arrangements. This working group included representation from those agencies that would have a direct role in the management, response and recovery for a Landslide incident. Agencies engaged were: Emergency Services Telecommunications Authority (ESTA), Parks Victoria, VicRoads, Victoria Police, DELWP and EMV.

Over the next twelve months, VICSES staff will commence discussions with Regional Emergency Management Planning Committees regarding the landslide risks across each of the regions, and where applicable, may determine the need to coordinate the development of Regional Landslide Hazard Plans.

A Landslide Awareness Training Package will also be developed to support VICSES volunteers and members responding to landslide incidents.



# Key performance measures

VICSES reports on key performance measures to the Victorian Government through the Minister for 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. The relevant measures are in the table on page 21.

## Key performance measures of VICSES for Budget Paper 3<sup>3</sup>

Major outputs, deliverables and/or performance measures	Unit of measure	June YTD		
		Target	Actual	% Variation
<b>Output – Emergency Management Capability</b>				
Quantity				
1. Permanent operational staff	number	81	82	+1%
2. Permanent support staff <sup>4</sup>	number	93	120	+29%
3. Volunteers - operational	number	3,606	3,547	-2%
4. Volunteers – support <sup>5</sup>	number	606	910	+50%
Quality				
5. Road crash rescue accredited brigades/units	number	103	102	-1%
6. Level 3 Incident Controller trained staff and volunteers <sup>6</sup>	number	17	11	-35%
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%	93%	+3%
9. Emergency response times meeting benchmarks	number	n/a	979	
10. Total number of emergency responses	number	n/a	1,054	

<sup>3</sup> Budget Paper 3 reporting equates Associate, Probationary and Junior members to 'Support Volunteers'

<sup>4</sup> The number of permanent support staff is over target by 29%. This reflects the addition of staffing resources to support organisational initiatives that benefit volunteers.

<sup>5</sup> VICSES target set did not include volunteers with rank of member associate but actual includes this as per measure business rules.

<sup>6</sup> The number of Level 3 Incident Controller trained staff and volunteers is under target by 35%. This is due to higher than forecast turnover of trained members.

# Operations

VICSES provides emergency response to thousands of Victorians every year. In 2017-18 members responded to 27,668 calls for assistance, of which 80% of related to flood and storm, for which VICSES is the control agency.

## 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

### Central Region

Office location: Mulgrave and Sunshine, Melbourne

- 32 operational units
- 11 accredited road rescue units
- 2 regional support units

## **Mid West Region**

Office location: Ballarat and Horsham

- 14 operational units
- 11 accredited road rescue units
- 1 regional support unit

## **North West Region**

Office location: Bendigo and Swan Hill

- 22 operational units
- 18 accredited road rescue units
- 1 regional support unit

## **East Region**

Office location: Moe and Bairnsdale

- 24 operational units
- 17 accredited road rescue 26 units
- 1 regional support units

## **North East Region**

Office location: Benalla

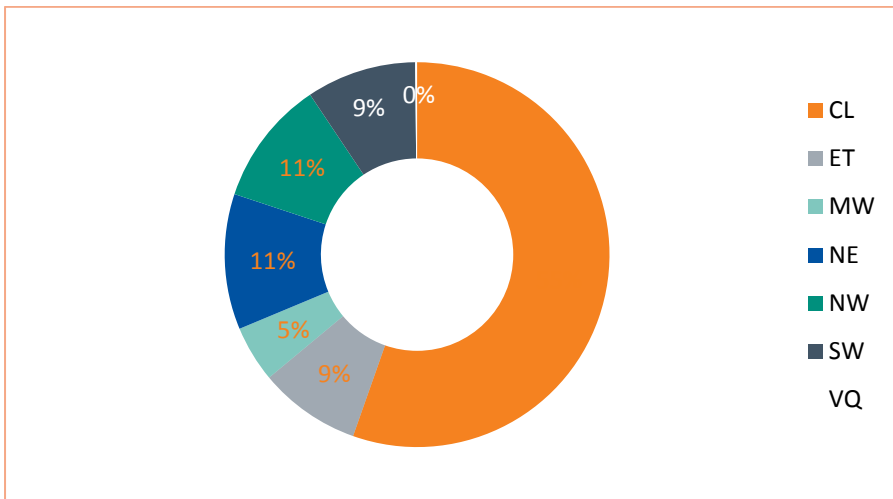
- 25 operational units
- 22 accredited road rescue units
- 1 regional support unit

## **South West Region**

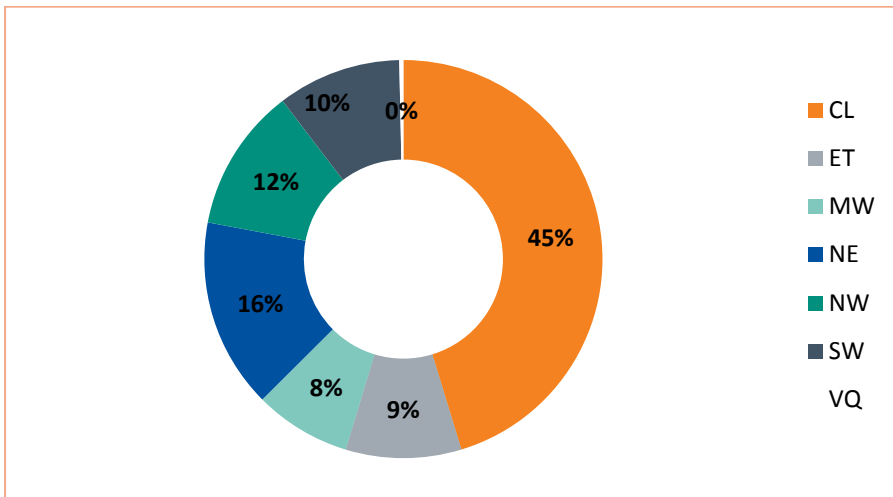
Office location: Hamilton and Geelong

- 24 operational units
- 23 accredited road rescue units
- 1 regional support unit

### 2017-18 Incidents by region (%)



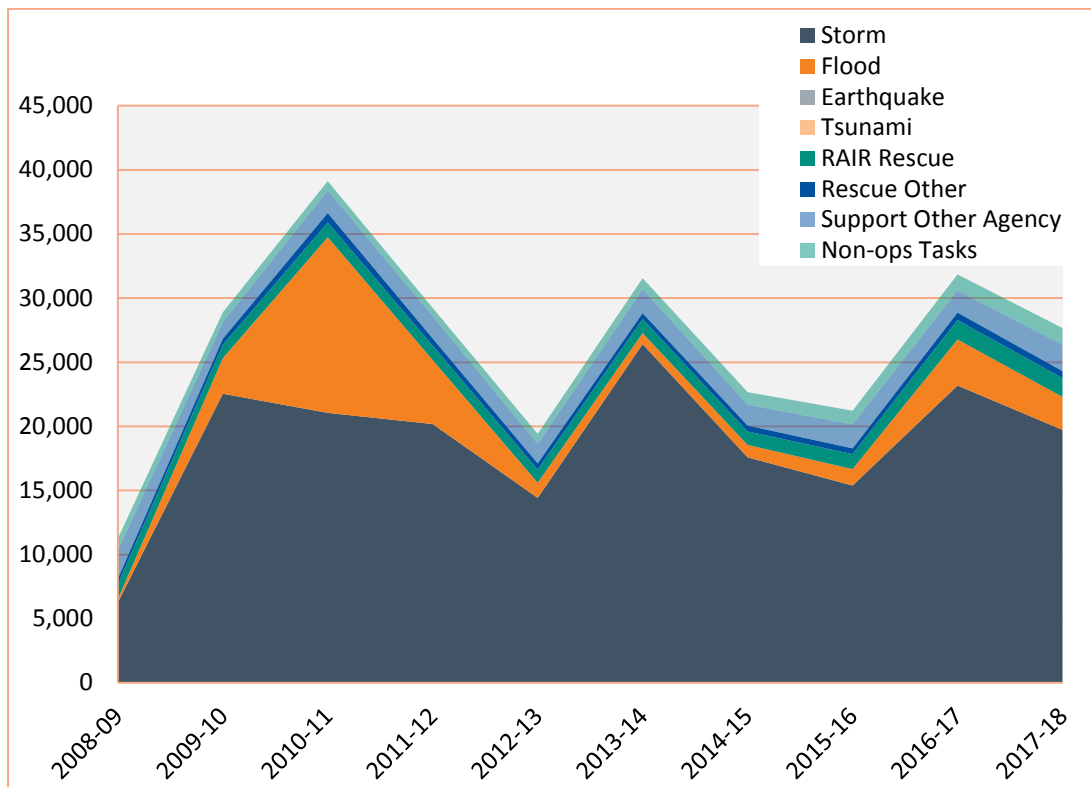
### 2017-18 Hours by region (%)



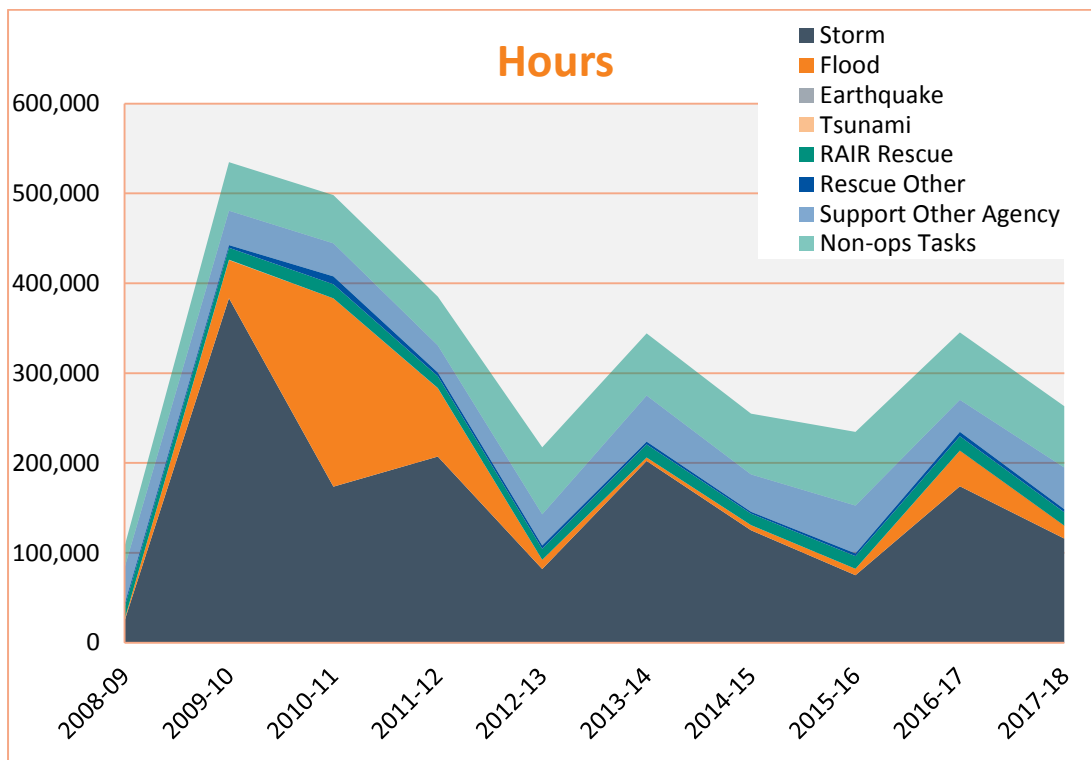
## 2017-18 Incidents/Hours

Region	Storm	Flood	Earthquake	Rescue Other	Support Other Agency	Non- ops Tasks	RAIR Rescue	Total
Central	11496 59121	1631 8713		316 1554	903 14620	545 32310	436 2915	15327 119233
East	1610 6284	124 519		50 349	205 7664	190 8097	191 1799	2370 24712
Mid	861	49		28	200	92	82	1312
West	4281	191		355	6088	8700	1064	20679
North	1992	351		59	318	207	225	3152
East	18816	2414		650	7442	8516	2756	40594
North	2040	260		37	191	138	245	2911
West	18299	1763		152	2612	4984	2909	30719
South	1713	151		56	218	135	280	2553
West	8814	703		348	7555	5631	3397	26448
VHO	18 341	4 102	1 0	1 2	19 426			43 872
Total	19730 115956	2570 14405	1 0	547 3410	2054 46407	1307 68238	1459 14841	27668 263257

### Number of incidents – 10-year trending



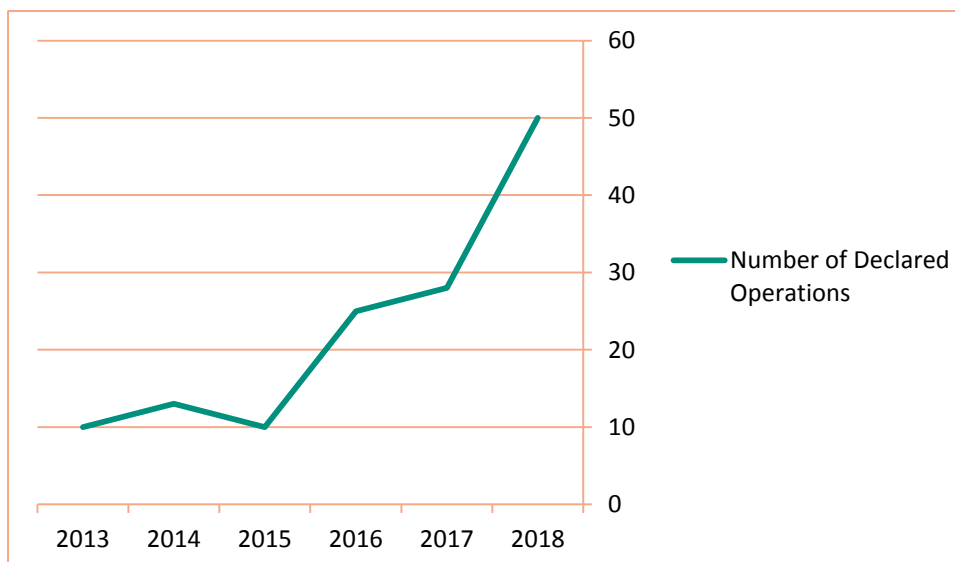
### Number of hours – 10-year trending



## Number of incidents – historical



## Declared Operations – 5-year trending



# Operations of significance

VICSES is the control agency for flood, storm, earthquake, tsunami and landslide incidents in Victoria.

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.

VICSES participated in 50 declared operations during the 2017-18 financial year, through which approximately 13,000 hours of staff time were contributed in readiness and response.

## **Damaging winds – 28 July 2017**

On Thursday 28 July the Bureau of Meteorology (BoM) forecast a strong cold front and associated damaging northerly winds averaging 60-70km/h with peak gusts of 90-105km/h, with likelihood of impacting the western and central parts of the state on Friday 29 July. By mid-morning on the Friday, the forecast had been upgraded to peak gusts of 90-110km/h. The strongest wind speeds recorded by BoM on this day were 107km/h at Fawkner Beacon, and 100km/h in the St Kilda area in Metropolitan Melbourne. This event saw VICSES respond to more than 1,000 RFAs, predominately in the Central Region, with the majority relating to fallen trees and building damage.

## **Assist agency – Victoria Police - 1 October 2017**

VICSES volunteers and staff provided support to Victoria Police in response to a missing female in the Aireys Inlet area. A number of crews participated in the search, and the VICSES Forward Command Vehicle was deployed to the event.

## **Severe weather – Tropical rain and flooding across Victoria – 30 November–4 December 2017**

In late November 2017, BoM provided intelligence to suggest that a significant rain event would impact Victoria in the coming days. As a result of this forecast, a state-wide Flood Watch was issued on Wednesday 29 November. In preparation for this event, the State Control Centre, ten Incident Control Centres and eight Regional Control Centres were activated, staffed with members of VICSES, CFA, DELWP, MFB and other support agencies.

The event saw the use of the emergency alerting system in order to reach 7.4 million Victorians identified as being “at risk” from this event. Further community messaging was issued via the Fire Danger Rating Variable Messaging Signs, with tailored warnings in place for identified risk areas. Across the state, 36 community sandbag collection points were established in conjunction with local councils.

## **Severe Thunderstorm – 19 December 2017**

On Tuesday 19 December, a severe thunderstorm moved across the state, impacting the North East, North West and Central Regions. Power outages were experienced in the North East as a result of the storm, with some locations being without power for more than 24 hours. Ten residents were displaced by the storm at Mildura, and three at Mt Alexandra.

VICSES received in excess of 2,500 RFAs from this event. Support for response to the event was provided by South Australia SES and New South Wales SES. A number of VICSES staff and volunteer members undertook IMT roles throughout this event.



## **Landslide – 19 December 2017**

Rain from the severe thunderstorm on Tuesday 19 December resulted in a significant landslide occurring at the edge of Warrigal Road in Surrey Hills, Melbourne. The landslide resulted in major traffic disruptions and supply disruptions for water, gas and electricity to a number of homes in the area.

At time of print the road remains restricted to single lanes each way while recovery works occur.

## **Flinders Street Incident - 21 December 2017**

Late afternoon on Thursday 21 December, a number of pedestrians were injured at the intersection of Flinders Street and Elizabeth Street.

As a result of learnings from the Bourke Street incident in January 2017, VICSES staff members were immediately deployed to ESTA and the State Control Centre to provide an SES command presence. This immediate action allowed us to assist with command and control for the event, and further promoted VICSES' ability to support other emergency agencies where necessary. VICSES volunteer members provided lighting support at the crime scene throughout the evening.

## **St Patricks Day Storm/Fire – 17-18 March 2018**

Forecast conditions for Saturday 17 March indicated a very high fire risk and strong wind/storm damage potential for a number of areas across Victoria. A weather system in the late afternoon saw strong, dry, gusty winds, high temperatures, low humidity and thunderstorm lightning activity.

As a result of the storm and fire activity in the South West of the state, VICSES responded to more than 1,400 RFAs. VICSES members were actively involved in the IMTs for the storm and fire response associated with this event.

## **Barwon South West – Peat Fires – March 2018**

In late March, the St Patricks Day fires moved into peat areas of the South West, resulting in a protracted, complex and long duration fire event.

VICSES deployed the Mobile Command Vehicle, six lighting towers, and five VICSES/Environment Protection Authority air monitoring kits in support of operations. VICSES contributed a considerable number of members to the Incident Control Centres and Staging Areas to manage this event.

## **Severe Weather – State-wide – 14 April 2018**

Damaging winds were experienced across Victoria during the afternoon of Saturday 14 April.

Based on forecast wind speeds from BoM, advice messages were issued for a number of areas in Victoria.

VICSES received over 800 RFAs from this event, predominately due to trees and building damage. The event also saw VICSES provide assistance with lighting at an aged care facility that lost power for a number of hours as a result of the wind.

# Our people

## Volunteers

VICSES comprises more than 5,000<sup>7</sup> volunteers and more than 200 employees; each sharing the vision of *safer communities – together*. 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 emergency environments. Volunteers engage directly with communities and support them on how best to prepare for emergencies, minimise the impact of emergencies when they occur, and strengthen capacity to recover. Our volunteers 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.

### Breakdown of active volunteers<sup>8</sup>

Operational	Male	Female	Other	Volunteers (number)
Controller	115	31		146
Deputy Controller	204	75		279
Unit Officer	235	112		347
Member Ordinary	1955	820		2775
<i>Sub total</i>	<i>2509</i>	<i>1038</i>		<i>3547</i>
Non-operational*				
Associate member	178	231		409
Probationary member	262	175	1	438
Junior member	34	29		63
<i>Sub total</i>	<i>474</i>	<i>435</i>	<i>1</i>	<i>910</i>
Total Active Volunteers	<b>2984</b>	<b>1474</b>	<b>1</b>	<b>4457</b>

### Breakdown of non-active volunteers<sup>9</sup>

	Male	Female	Volunteers (number)
Non-active volunteer	236	125	361
Volunteer on leave	169	104	273
Total Non-Active Volunteers	<b>405</b>	<b>229</b>	<b>634</b>

<sup>7</sup> Includes active and non-active

<sup>8</sup> Budget Paper 3 reporting equates Associate, Probationary and Junior members to 'Support Volunteers'

<sup>9</sup> Not included in Budget Paper 3

## Staff

Our regional and metropolitan employees operate out of six regions across Victoria, providing a crucial role in connecting and building relationships with community, businesses, local government and other partner agencies. These connections ensure that our operations are more effective, and that we are able to better plan, manage, and respond to emergency incidents in collaboration with our networks.

VICSES' 13 strategic office locations provide units with vital access to equipment, training, and other support material, ensuring all volunteers are able to effectively serve their local communities. Each office has supported a variety of state-wide initiatives, including the delivery of workshops and training, emergency management planning and development, and community resilience activities.

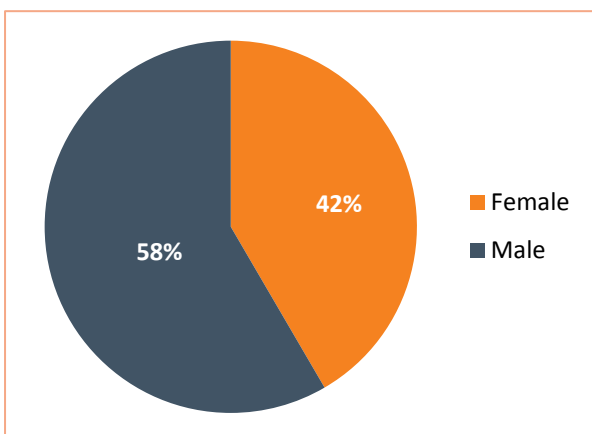
At June 2018, VICSES workforce numbers stood at more than 200 employees.

NOTE: The following tables have been calculated to include a headcount of fixed term and casual employees, providing a breakdown of age, gender, and classification.

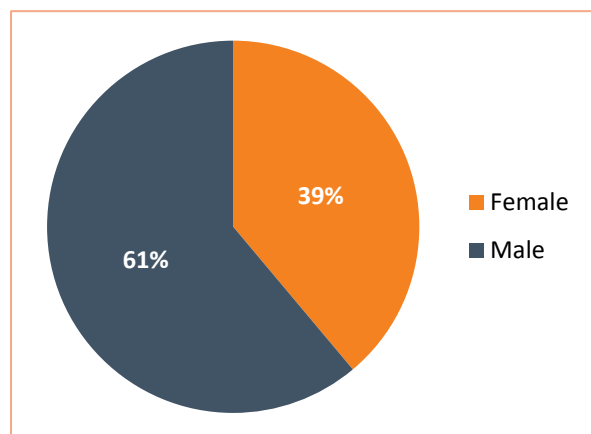
### Staff member count

	Ongoing Employees					Fixed Term and Casual Employees	
	Employees (Headcount)	Full Time (Headcount)	Part Time (Headcount)	Fixed Term and Casual (Headcount)	FTE	FTE	
June 2017	211	152	3	56	153.6	44.4	
June 2018	226	162	13	51	170.2	35.6	

### Staff gender breakdown:



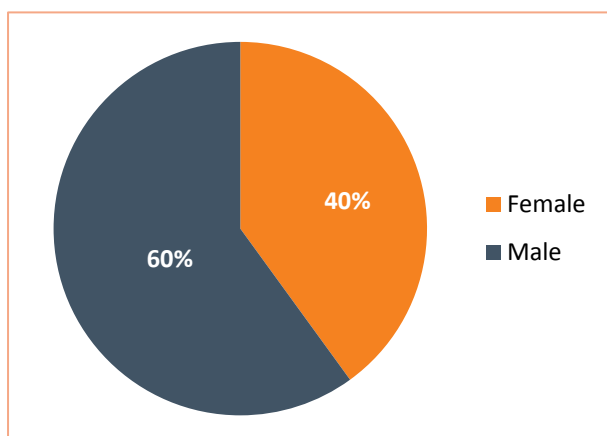
### Senior Manager gender breakdown:



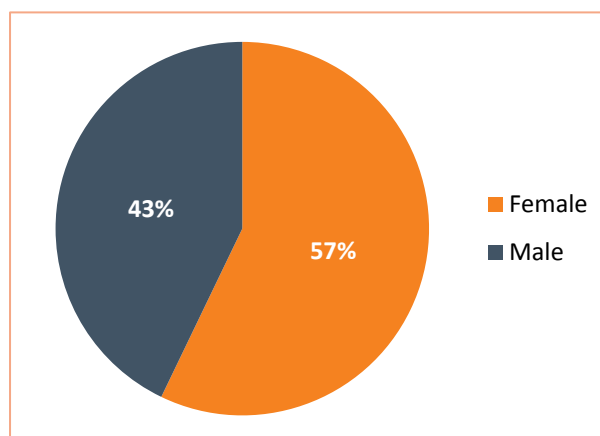
## Employee gender, age and classification breakdown

		June 2018			June 2017		
		On Going Employees		Fixed Term and Casual Employees	On Going Employees		Fixed Term and Casual Employees
		Head Count	FTE	FTE	Head Count	FTE	FTE
<b>Gender</b>	Male	105	65.8	15.0	129	101.8	21.9
	Female	70	104.4	20.7	82	51.8	22.5
<b>Total</b>		<b>175</b>	<b>170.2</b>	<b>35.6</b>	<b>211</b>	<b>153.6</b>	<b>44.4</b>
<b>Age</b>	Under 25	2	2.0	1.2	5	2.3	1.0
	25-34	29	28.8	9.2	33	25.1	5.8
	35-44	47	45.3	11.1	58	33.7	16.8
	45-54	50	49.8	8.0	63	50.5	11.9
	55-64	37	36.4	6.0	46	36.8	7.7
	Over 64	10	7.9	0.1	6	5.3	1.2
<b>Total</b>		<b>175</b>	<b>170.2</b>	<b>35.6</b>	<b>211</b>	<b>153.6</b>	<b>44.4</b>
<b>Classification</b>	VPS 1						
	VPS 2	18	16.9	7.0	27	12.2	6.0
	VPS 3	37	36.4	8.4	46	32.2	11.8
	VPS 4	62	60.0	8.2	74	56.2	20.0
	VPS 5	36	35.3	10.0	40	29.1	4.6
	VPS 6	16	15.6	2.0	19	18.2	2.0
	STS						0.0
	Executives	6	6.0		5	5.7	0.0
Other						0.0	
<b>Total</b>		<b>175</b>	<b>170.2</b>	<b>35.6</b>	<b>211</b>	<b>153.6</b>	<b>44.4</b>

### Executive team gender breakdown:



### Board gender breakdown:



## Wellbeing, health and safety

VICSES continues to focus on supporting a proactive safety culture, ensuring members are equipped to identify safety and wellbeing issues and take actions to prevent injury and illness from occurring.

### Statewide Work Health and Safety Report

Year	2014-15	2015-16	2016-17	2017-18
<b>All incidents, near misses and hazards</b>	312	358	262	304
<b>Hazard reporting rate*</b>	2.36	2.58	1.28	1.76
<b>Incident reporting rate*</b>	4.99	4.93	4.31	4.76
<b>Number of standard claims</b>	29	20	27	22
<b>Number of lost time claims</b>	18	15	21	20
<b>Average cost per standard claim**</b>	\$1,842.00	\$14,481.00	\$3,786.00	\$16,838.87
<b>Claims reporting rate</b>	0.42	0.31	0.445	0.43
<b>Fatality claims</b>	0	0	0	0
<b>Volunteers and staff who received safety training</b>				
<b>Staff</b>	39	28	199	181
<b>Volunteer</b>	369	359	1,188	1929

\*Agreed industry standards. Rate calculated =per 100 staff FTE and Vol Head Count (active)

\*\*Calculated on actual cost

## Safe workplace initiatives and continuous improvement

### External Audit

VICSES commissioned an external audit of our Work, Health and Safety Management System (WHSMS) to determine compliance against the Australia and New Zealand Occupation Health and Safety Management System Standard 2001 (AS/NZS 4801:2001), with a particular focus on Work, Health and Safety (WHS) policy documentation and implementation. The audit process allowed us to measure our performance against the internationally recognised standards, and ensure all members are working with and receiving accurate and up to date information.

The audit found a robust and evolving system highlighting significant progress in the use and awareness of the Work Health & Safety Management System (WHSMS), including communication, asbestos management, vehicle and equipment management and maintenance, and the VICSES Contractor Management and Induction process.

### Procurement

WHS partnered with Operations and Assets to strengthen the procurement process for new equipment to ensure that safety considerations are an integral part of the process from inception through to manufacture and delivery. The All-Terrain Vehicle (ATV) was an outcome of this partnership, resulting in a safe and effective piece of equipment allowing our members to access locations previously inaccessible for the larger fleet vehicles for search crew, shuttling of equipment and patient transfer.

## Health and wellbeing

The VICSES Health and Wellbeing Strategy 2017-19 was launched in June 2017. Funded by the Victorian Government Valuing Volunteers Program, the strategy aims to support a wellness culture that improves the health and wellbeing of our members and strives to empower our workforce to be resilient and sustainable.

The strategy divides health and wellbeing into four pillars relevant to the needs of our members:

- Body Fit
- Mind Fit
- Finance Fit
- Chronic Disease Prevention

Year one of the strategy has seen a focus on three of the four core areas, Body Fit, Mind Fit, and Chronic Disease Prevention, to support volunteers with self-care, and increase their capacity to look after the community. Programs have focused on behavioural changes that will help volunteers to improve their physical and mental fitness, mobility and overall wellbeing. Health checks have continued to be an integral part of this program.

Examples of new programs include:

- **Body Fit** – A 6 Week Challenge was developed to facilitate behavioural change through a series of weekly nutrition and movement goals. The program was endorsed by an Occupational Physician and launched for volunteers in July 2017.
- **Mind Fit** – VICSES participated in Movember in 2017 to raise awareness for prostate cancer and mental health. The organisation was represented by 12 teams (consisting of 71 members) and 160 *travelling moustaches*, attached to the front of VICSES vehicles across the state.
- **Chronic Disease Prevention** – VICSES Healthwatch sessions have been expanded to include focused educational sessions that can be selected by units to meet the needs of their local members. Topics include Functional Movement, Sleep and Mindfulness, Back and Joint Health and Nutrition. Each session is focused on goal setting, positive outcomes and participation.

## Mental Health and Wellbeing

VICSES continues to strengthen its efforts to support the good health and wellbeing of its members. Key achievements during the 2017-18 financial year:

- Peer Support team restructured to enhance response times to requests for assistance across regions.
- Effective clinical solutions provided for more complex mental health issues;
- Pre-incident Awareness training and timely early intervention processes embedded across the organisation.

There continues to be a growing demand on the services of the Peer Support program outcomes, which demonstrates its benefits in reducing the escalation of mental health issues.

## Training

VICSES issued 17,163 certificates for successful completion of a formal training program. Of those, 6,836 were aligned to a nationally accredited training outcome.

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.

VICSES members engage in a wide variety of learning opportunities during 2017-18. There are now more than 60 formal training programs available to VICSES members, spanning capabilities such as rescue skills, incident management, community engagement and leadership.

Most popular training programs by attendance:

1. Tree Hazard Awareness – 1675
2. First Aid - CPR Course Only – 1219
3. ChildSafe Awareness – 1118
4. Emergency Vehicle Status Briefing – 1066
5. Critical Incident Stress Management (CISM) Unit Awareness / Building the Team for Resilience – 854
6. General Rescue Fundamentals – 577
7. First Aid - Full Course (Blended) – 573
8. General Rescue Skills – 453
9. Working Safely at a CFA Incident (WSCFAI) – 384
10. Safe Work at Height - Full Course – 376

## **Trainers and Assessors**

279 members are endorsed to deliver accredited training and assessment. Endorsed members hold the TAE40110 training and assessment qualification in addition to the national competencies in the training program they deliver. 77 members were added to the VICSES Trainer and Assessor register this year.

## **Learning and Development**

### **Expanding the learning experience for members**

To enhance VICSES' ability to meet the expanding capability development needs of our members, the past year has seen a renewed focus practise delivery learning opportunities. The VICSES Learning and Development team (formerly known as State Training) now has a broader approach to the identification and satisfaction of capability needs for both volunteers and staff.

This new focus has seen Learning and Development commence development of capability frameworks that will help members identify learning programs that will help increase the skills and knowledge they bring to VICSES activities, before, during and after emergencies.

The capability frameworks will also benefit from the release of role statements and associated training pathways that were finalised for implementation in 2018.

The ability of VICSES to meet the increasing learning needs of members was enhanced during the past year through the development of a new learning management system, titled Training Portal, which will allow VICSES members access to online learning programs for the first time.

One of the first online training programs to be made available to members via the Training Portal is the VICSES Induction Training Program which has been broadly consulted and piloted with a group of new members. The training provides new members with important information to guide their entry to the

organisation and provides a way to navigate information sources that will help them develop a sense of belonging to VICSES.

## **Partnerships**

VICSES continues to proactively seek and develop partnerships with other emergency service agencies and training providers.

Through partnerships, VICSES aims to both contribute to and benefit from learning and development initiatives, while accessing expertise and knowledge that can enhance learning and development strategies.

Of particular note, in 2017-18 VICSES worked closely with the CFA to develop incident management leadership tools and learning pathways.

Existing partnerships with Wodonga TAFE and St John Ambulance were also important factors in the achievement of skills development and maintenance in the areas of occupational health and safety, and first aid.

## **Providing quality learning**

Recognising the significant time commitment made by members to learning activities, and the importance of capabilities for VICSES to meet service delivery demands, emphasis was placed on measuring the quality of VICSES learning opportunities.

This emphasis saw a health check completed on more than 60 training programs. The health check was a proactive strategy to identify which training programs were affected by legislation, policy, standard operating procedure or technique changes.



# Our relationships

## CFA and VICSES collaborations in community engagement

This year saw the CFA/VICSES Community Engagement and Hazard Awareness Forum delivered in each region. The regional forums provided the opportunity for volunteers from both services to come together and share their success stories with regard to community engagement. This is an important collaboration between the two agencies to promote community safety across a number of hazards, and provides an important skills development opportunity for our volunteers.

## VICSES and Melbourne Water partnership

VICSES and Melbourne Water continue to work closely to build community resilience by engaging with households in high risk flood prone areas. An important aspect 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. The main highlight of the year has been the review of the partnership to ensure the two organisations are working in a contemporary way, focusing on outcomes for the community and ensuring that we evaluate our collective community engagement activities.

## Media Training

The media is an important relationship for VICSES, helping us to share important safety messaging before, during and after an emergency event and thus building community resilience. Across the state, 23 volunteers participated in the VICSES Media Liaison Officer course, taking the total number of trained VICSES Media Liaisons Officers to 226. These programs enable volunteers to engage professionally with a range of media outlets, ensuring message consistency and clarity.

## Victorian Floodplain Management Strategy

VICSES entered year two of its four-year partnership agreement with DELWP to deliver on the various actions and accountabilities assigned to VICSES under the Victorian Floodplain Management Strategy. The nine subsequent regional Floodplain Management Strategies (by Catchment Management Authority boundary) were finalised in 2017-18 and prioritised flood risk and mitigation actions across Victoria. Actions for VICSES within these regional strategies focus largely on enhancing Municipal Flood Emergency Plans or on enhancing or creating additional Local Flood Guides in at-risk townships.

## 15 to Float

It can take as little as 15cm of water – about the height of an average pen – for a vehicle to lose traction and start to float. This surprising fact underpinned our lead campaign for 2016-17, developed and launched that year and further deployed during relevant weather events throughout 2017-18. The '15 To Float' campaign received a highly commended award at the Emergency Media and Public Affairs Award Ceremony for Excellence in Emergency Communication in June 2018.

## Toll Driver Reviver

'Driver Reviver' is a national road safety community program operating for more than 27 years, and our participation in the campaign across Victoria remains one of our most recognised campaigns. With the support of local partners along with the program's national organisers and sponsors, VICSES continued to lead campaign messaging about the dangers of fatigued driving around key holiday and long-weekend periods.

VICSES (in collaboration with CFA and MFB) also continued to support the Department of Health and Human Services (DHHS) campaign, "Insure it, it's worth it", encouraging the uptake of adequate house and household contents insurance.

Pre-production planning and investment has also been made towards new campaigns for the 2018-19 financial year.

## Partnerships and sponsorships

VICSES is proud of its continued collaboration with partners, sponsors and supporters, and grateful for the financial and in-kind contributions to our services and programs. The support of the entire Victorian community – including government, businesses and individuals – is integral to the VICSES vision of *Safer Communities – Together*.

## Key VICSES partners and sponsors:

- **AAMI (VICSES' Principal Community Partner)** – A valued partner supporting important community engagement campaigns and providing critical emergency response equipment, AAMI has contributed over \$7 million since commencement of the partnership in 2002.
- **Melbourne Water** – VICSES recently announced the renewal of its partnership with Melbourne Water aimed at building flood resilience in the Port Phillip and Western Port catchment areas through community flood education and planning programs.
- **Transport Accident Commission (TAC)** – A significant contributor to VICSES' ability to provide road rescue services and support road safety initiatives such as Driver Reviver.
- **DEWLP** – A critical partnership that supports the implementation of the Victorian Floodplain Management Strategy and the associated actions to minimise flood risks.
- **DHHS** – VICSES continues to collaborate as an 'Action Partner' in the delivery of the DHHS strategy to promote financial resilience to emergencies through home and contents insurance.
- **Jemena** – Supporting a pilot program to trial innovative community engagement programs and technology.
- **Bunnings** – On-going supporter of local volunteer units, most notably through its annual Emergency Service BBQ events.
- **Good2Give** – Volunteer Unit Fundraising Program.

## Municipal Emergency Management Plan audit program

Under the *Emergency Management Act 1986*, VICSES is required to audit every Municipal Emergency Management Plan (MEMP) at least once every three years. VICSES manages the MEMP audit program by calendar year. In 2017, VICSES conducted 44 MEMP audits, with 40 of those plans being marked as compliant. Any plans that do not comply are re-audited within a 12 month period.

## Community Emergency Risk Assessment

VICSES developed the risk assessment product Community Emergency Risk Assessment (CERA) 2.0 in 2013 and has completed the initial roll-out of across the state. The tool was updated in January 2018 (to version 7.7) to ensure it as current and accurate as possible to support Municipal Emergency Management Planning Committee (MEMPC) and VICSES facilitators when reviewing their local risks.

A CERA working group was established who conducted a survey among MEMPC members on whether the tool is meeting their needs and expectations. The group commenced initial scoping of the long term needs for all hazard risk assessment and explored options for a potential new tool for VICSES to facilitate on behalf of MEMPCs.

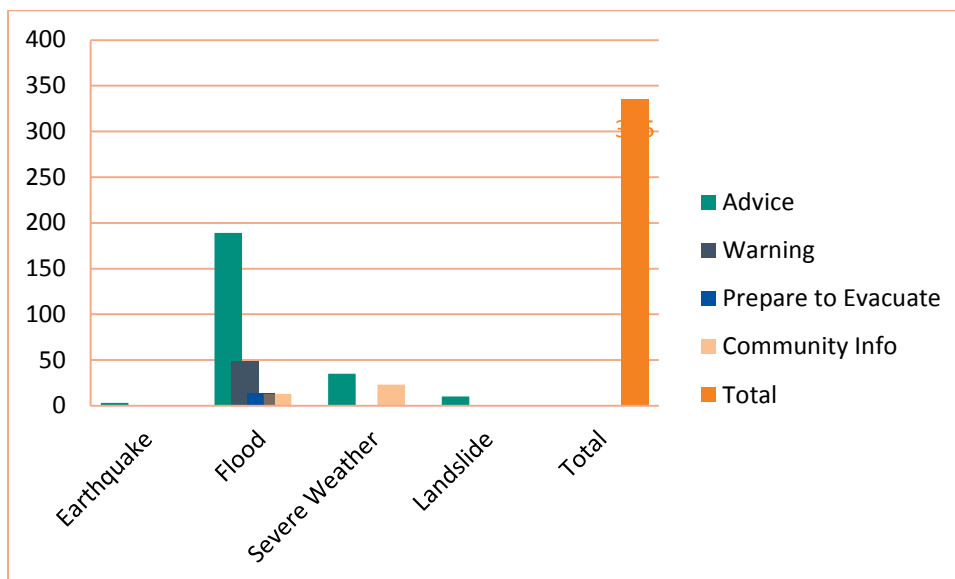
## Public information and warnings

VICSES successfully imported all BoM flood sub-catchment polygons and associated nomenclature into EM-COP Public Publishing, allowing for VICSES to issue community flood warnings by smaller sub-catchment polygons if required through VicEmergency channels. This was in response to learnings from recent flood

events, improvements to the Total Flood Warning System in Victoria, and at the request of EMV. The changes will ultimately mean more consistent, timely, tailored and relevant flood warnings for Victorian communities.

The Warnings and Advice Duty Officer (WADO) roster was extended in 2017-18 to be available to wider multi-agency participation and support. Access to a WADO on a 24/7 basis has enhanced support and confidence for VICSES warnings issuers disseminating public information and warnings to communities.

Warnings Activity 2017-18:



The official VICSES Key Messages Library was launched in early 2018, providing a single source of truth for multi-agency personnel requiring key messages for use immediately before, during and immediately after emergencies for which VICSES is the control agency. The launch was supported by the establishment of an internal working group, which played a key role in the wide-ranging review and update of existing messaging.

Dedicated Information and Warnings Officer training modules for riverine flood, flash flood and landslide emergencies were developed and delivered to approximately 30 multi-agency personnel. This significantly enhanced public information capability and capacity across the state.

## Regional Hazard Response Plans

In July 2017, VICSES updated its Regional Hazard Response Plan templates for flood, storm, tsunami and earthquake. VICSES regions populated or updated their plans throughout 2017-18 where required, on a priority risk and needs basis.

## Renewal of Flood and Geotechnical Intelligence Services Panel contracts

In April 2018, VICSES engaged Solve Consulting to revise and renew arrangements with private technical specialist contractors that VICSES can engage to assist during declared operations. These arrangements are in line with Recommendation 17 of the *Victorian Floods (Comrie) Review* which stated, “The State establish appropriate arrangements to ensure the capacity to maintain technical expertise for flood intelligence is initiated, including appropriate agreements with commercial experts.”

## Academic collaborations

VICSES works with the following academic partners to inform our programs:

The Bushfire and Natural Hazard Collaborative Research Centre (BNHCRC). During 2017-18 VICSES increased its collaboration with the BNHCRC and is now an end-user of 12 BNHCRC projects, participating in research and utilisation activities across these projects. One of these national projects involves examining strategies to enhance emergency information and warnings. Alongside BNHCRC researchers at the Queensland University of Technology, VICSES has developed a range of resources for use in the research, including emergency messaging and videos for a simulated flood.

The School of Geography at the University of Melbourne supporting Community Engagement for the Disaster Risk Reduction project, utilising one-on-one engagement methodology to influence behaviour change, and build community resilience.

The Centre for Evidence and Implementation at the University of Melbourne assisted VICSES by producing key literature reviews to build a foundation for the development of indicators and measurement of the VICSES Community Resilience Strategy 2016-19.

Monash University Disaster Resilience Initiative contributed to regular forums.

# Working on the business

## Projects, Planning and Risk

The Projects, Planning and Risk business unit provides support, advice and quality assurance in project management, risk, business intelligence and corporate planning for VICSES. Projects, Planning and Risk is responsible for:

- Maintaining our Project Management Framework, supporting project resources, managing key organisation-wide projects and administering the Investment Management Committee.
- 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.
- 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

This year, the Victorian Government committed \$2.05 million in grant funding to VICSES. These funds resulted in 45 projects:

- 8 VICSES unit infrastructure projects – including extensions to existing sheds, upgrades to internal amenities and complete internal refurbishments.
- Purchase of:
  - 22 vehicles
  - 4 rescue trucks
  - 4 trailers
  - 1 snow mobile
  - 1 each of the following: tag & test machine, thermal printer, GPS and hydraulic equipment
  - 2 vehicles through lease buy-outs

## Emergency Services Volunteer Sustainability Grants Program

VICSES received in excess of \$5.6 million in state government funding for operational equipment, vehicles, facility improvements and training programs. In total 389 applications were successful. 241 projects are now complete with a total spend of \$4 million. The breakup of the remaining 148 projects is as follows:

- 81 building improvement projects
- 47 operational equipment purchases
- 19 vehicles and trailers

- 1 training course

This financial year, Projects, Planning and Risk has also undertaken a number of other initiatives:

- Developed and launched the VICSES Strategic Plan 2018-2022, including new corporate Values.
- Coordinated the establishment planning for 6 new volunteer units: Cranbourne, Officer, Clyde, Caroline Springs, Point Cook and Craigieburn North (Kalkallo). This involved consulting with the neighbouring volunteer units to determine the unit strategy, procurement plan, recruitment plan, training plan and community engagement activities.
- Launched the Enterprise Risk Framework.
- Conducted Business Continuity Planning exercises and identified areas for improvements.
- Finalised user requirements for a system to automate some paper processes (e.g. authorised activities authorisation, road rescue capability assessments, facility audits).

## Assets

In 2017-18 the Assets business unit was again focussed on ensuring volunteers and staff are adequately resourced with vehicles and equipment. A successful Expenditure Review Sub Committee bid saw a significant funding boost to replace a number of aging assets across the state. Additionally, internal core funding continued to support the Critical Asset Replacement Program. The Assets business unit procured and delivered the following key assets:

- 2 heavy rescue trucks
- 3 medium rescue trucks
- 31 rescue boats
- 15 lighting trailers
- 13 general purpose trailers
- 5 storm trailers
- 1 shelter trailer
- 12 road crash rescue kits

This year's funding saw the last of the F350/450 rescue vehicles, introduced in 2001-2002, retired from service.

Assets also procured vehicles and equipment under various grants programs which included:

### **VESEP:**

- 22 twin-cab vehicles
- 2 medium rescue trucks
- 2 light rescue vehicle
- 3 storm trailers
- 1 Snow mobile

## ESVS Grants Program:

- 1 Bus
- 18 lighting trailers
- 2 storm trailers
- 3 sandbag trailers
- 5 general purpose trailers

State funding for replacement equipment at 47 VICSES units continued as part of the rolling three-year Equipment Replacement Program.

Servicing of State-funded assets continued as a key component of the preventative maintenance regime and included servicing of:

- 140 rescue trucks
- 221 trailers
- 83 boats
- 119 road rescue kits

## Information Services

The key focus of the VICSES Information Services business unit in 2017-18 was to further embed reliability and performance of technological services, particularly in relation to its investment in the cloud platform and service providers. The key indicator of our success has been to provide system uptime rates of between 99.7-99.9%.

A network Migration transition project was recently completed in response to an operational review conducted to ensure VICSES offices, critical response vehicles and unit network functionality performed in accordance with operational requirements.

Key services added or enhanced over the past 12 months:

- 17x sites migrated to the National Broadband Network (NBN). This rollout is continuing in line with NBN's schedule.
- Three new locations added to the wider VICSES network – State Control Centre Redundancy (SCCR), Huntly Unit and Warrnambool offices.
- Upgrade of the Field Operations Vehicle (FOV) and Mobile Command Vehicle (MCV) network infrastructure.
- General refresh of hardware to support the increased workforce.

## Business Systems

In collaboration with VICSES State Operations, Information Services completed the first major update to the Operations Integrity Management System (OIMS) application suite (the End User Desktop application and Virtual Client) in 2017-18. The update included new features such as an Incident Summary screen and Post Incident Report (PIR) Detail screen to display usable map data, plus many others features in the Incident Reporting System (IRS) and TRAIN.

A major upgrade of our Records Management system was undertaken to ensure VICSES continues to provide a compliant and contemporary means of managing its corporate records.

## Security

Several security activities have been undertaken and despite a growing increase in cyber security threats, there have been no major incidences in the last year.

## Mobile Devices

A Mobile Device Management service was implemented to provide improved management and secure access via mobile devices.

- **Firewall** – New firewall network design was implemented, moving to enhanced firewalls that included Intrusion Prevention and Detection, additional reporting and more restrictive rule sets.
- **Guests** – Additional protection through servers to protect guest/liaison users in the same manner as our members.
- **Application authentication** – A number of web certificates for internet-facing applications and services were upgraded to strengthen authentication/access.

## Service Delivery

Service delivery to support our members and systems continues to be a key focus for Information Services.

In the past year the team has:

- Resolved 10,313 Service Desk requests
- Applied 461 infrastructure and system changes.

## Records Management Award

The Emergency Services Sector Records Management Special Interest Group, of which VICSES is a member, was the recipient of an Excellence and Innovation Award in Records Management for the development of the Emergency Services Sector Records Disposal Authority (RDA). The creation of the RDA was a project conducted over a two year period with the support and assistance of the Public Record Office Victoria.

## ICT Strategy

With the current Information and Communications Technology Strategy now in its final year, a new strategy will be defined aligning to the VICSES Strategic Plan 2018-22.

## Finance and Administration

The Finance business unit is responsible for managing the financial transactions of VICSES, while providing analysis and advice on all financial matters, to both internal and external stakeholders.

The areas covered by the Business Unit include all internal and external financial reporting, employee and supplier payments and receipts, taxation, short and long term budgeting, training and enhancements of financial systems and support to volunteer units in meeting their financial management obligations.

The Finance business unit also provides office management services for the Victorian Head Office. This includes office reception, coordination of the Victorian Head Office pool cars, meeting rooms, kitchen, and office equipment.



## Objectives and innovations

1. Review and update the Volunteer Unit Finance Manual to meet the requirements of the Minister for Finance's Standing Direction.

- Through the Unit Financial Management Taskforce, the Volunteer Unit Finance Manual has been updated and will be available to all VICSES units by the end of May 2018. Training for units and key regional staff commenced in April 2018 and will continue into 2019.

2. Select a cloud-based accounting system for VICSES units to replace the current desktop model.

- VICSES approved the introduction of a cloud-based accounting package for units. A supplier was selected, and an implementation pilot commenced in May 2018 to be rolled-out to all units in 2018-19. 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.

3. Ensure that key business systems managed by, or through, the Finance team are updated, secured and working both efficiently and accurately.

- Finance has worked closely with the VICSES People and Organisational Development team and employed considerable resources to support the Kronos time recording system and ensure employee pay entitlements are accurate.
- The team is also working on a number of minor enhancements to the Chris21 payroll system, which will improve the efficiency of processing, enhance controls and improve the accuracy of payroll information and transactions.

4. Develop a long-term financial model that can be used by VICSES.

- Finance has developed a long-term financial model which is currently being tested. It is hoped that by year end VICSES will be able to prepare long-term financial models, which will support VICSES in ensuring it has funding to meet the service expectations of the community and support units.

5. Ensure agreements are in place for VICSES to partner with TAC to provide road accident rescue services.

- A partnership agreement with TAC was signed 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.

## Glossary

<b>Assist agency</b>	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
<b>Board</b>	Victoria State Emergency Service Authority Board
<b>BoM</b>	Bureau of Meteorology
<b>BNHCRC</b>	Bushfire and Natural Hazard Collaborative Research Centre
<b>CFA</b>	Country Fire Authority
<b>Control agency</b>	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
<b>Declared operations</b>	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
<b>DELWP</b>	Department of Land, Water, Environment and Planning
<b>DHHS</b>	Department of Health and Human Services
<b>EMV</b>	Emergency Management Victoria
<b>ESTA</b>	Emergency Services Telecommunications Authority
<b>FOI</b>	Freedom of Information
<b>Incident</b>	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)
<b>IMT</b>	Incident Management Team
<b>MAV</b>	Municipal Association of Victoria
<b>MFB</b>	Melbourne Fire Brigade

<b>MEMP</b>	Municipal Emergency Management Plan
<b>MEMPC</b>	Municipal Emergency Management Planning Committee
<b>MOU</b>	Memorandum of Understanding
<b>RFA</b>	Request for Assistance
<b>TAC</b>	Transport Accident Commission
<b>VESEP</b>	Volunteer Emergency Services Equipment Program
<b>VICSES</b>	Victoria State Emergency Service
<b>WADO</b>	Warnings and Advice Duty Officer
<b>WHS</b>	Wellbeing, Health and Safety

## Five year financial summary

	2017-18 \$'000s	2016-17 \$'000s	2015-16 \$'000s	2014-15 \$'000s	2013-14 \$'000s
<b>Appropriation from Government<sup>(i)</sup></b>					
Output and special appropriation	55,195	49,070	45,122	44,701	44,055
Capital appropriation	28,012	0	150	0	400
<b>Total Appropriation from Government</b>	<b>83,207</b>	<b>49,070</b>	<b>45,272</b>	<b>44,701</b>	<b>44,455</b>
<b>Comprehensive Operating Statement</b>					
Total income from transactions	64,888	64,841	54,807	54,680	53,705
Total expenses from transactions	(60,958)	(55,449)	(51,222)	(49,124)	(49,445)
<b>Net result from transactions for the period</b>	<b>3,930</b>	<b>9,392</b>	<b>3,585</b>	<b>5,556</b>	<b>4,260</b>
Other economic flows	572	306	1,353	400	494
<b>Net result</b>	<b>4,502</b>	<b>9,698</b>	<b>4,938</b>	<b>5,956</b>	<b>4,754</b>
Other economic flows not in the net result (ii)	1,908	0	3,313	0	0
<b>Comprehensive result</b>	<b>6,410</b>	<b>9,698</b>	<b>8,251</b>	<b>5,956</b>	<b>4,754</b>
<b>Balance Sheet</b>					
Total assets	173,813	138,124	129,086	119,014	112,775
Total liabilities	(15,079)	(13,812)	(14,472)	(12,801)	(12,518)
<b>Net Assets</b>	<b>158,734</b>	<b>124,312</b>	<b>114,614</b>	<b>106,213</b>	<b>100,257</b>
<b>Cash Flow Statement</b>					
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32,892</b>	<b>2,074</b>	<b>4,647</b>	<b>1,132</b>	<b>(285)</b>
<b>Cash and cash equivalents at 30 June</b>	<b>82,211</b>	<b>49,319</b>	<b>47,245</b>	<b>42,598</b>	<b>41,466</b>

Notes:

- (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 2017 the Authority achieved a comprehensive result of \$6.401 million, \$3.297 million lower than in 2016-2017.

The key items impacting the 2017-2018 Net result are:

- An increase of \$0.047 million in income from transactions to \$64.888 million resulting primarily from:
  - An increase in Appropriation of \$6.125 million.
  - A decrease in Volunteer and other grants of \$5.706 million.
- An increase of \$5.318 million in expenses from transactions to \$60.767 million resulting primarily from:
  - An increase in Employee expenses of \$2.737 million.
  - An increase in Contractors and Professional Services expenses of \$0.944 million.
  - An increase in Communications expenses of \$0.661m.

### Balance Sheet

Net assets increased by \$34.422 million in 2017-2018 to \$158.734 million. The major reasons for the increase are an increase of \$32.892 million in cash and deposits and \$5.331 million in property, plant and equipment.

### Cash Flow Statement

VICSES holds cash and cash equivalents of \$82.211 million. \$14.462 million is held by Volunteer Units and \$67.749 million by the Authority. (Volunteer Units also hold an additional \$5.786 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:

- An increase in receipts from government and other entities, primarily capital appropriation to build and replace volunteer unit headquarters
- 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 June 2018

## 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 2018 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

#### 1 About this report

The basis on which the financial statements have been prepared and compliance with reporting regulations

#### 2 Funding delivery of our services

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 How we financed our operations

6.1 Borrowings

6.2 Leases

6.3 Cash flow information and balances

6.4 Commitments for expenditure

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

7.3 Fair value determination

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

**Disclosure index**

# Independent Auditor's Report

## To the Board of the Victoria State Emergency Service Authority

---

<b>Opinion</b>	<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"><li>• balance sheet as at 30 June 2018</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• chairperson's, accountable officer's and chief finance and accounting officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 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>
<b>Basis for Opinion</b>	<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>
<b>Board's responsibilities for the financial report</b>	<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  
12 September 2018

Travis Derricott  
*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 Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Authority at 30 June 2018.

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 10 September 2018.



**Peter Akers**

**Chairperson  
Victoria State Emergency Service Authority**

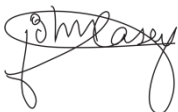
**Melbourne  
10 September 2018**



**Stephen Griffin**

**Chief Executive Officer  
Victoria State Emergency Service Authority**

**Melbourne  
10 September 2018**



**John Casey**

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

**Melbourne  
10 September 2018**

## Comprehensive operating statement for the financial year ended 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
<b>Income from transactions</b>			
Grants	2.2.1	62,682	62,094
Interest income	2.1	855	532
Sale of services	2.1	61	25
Other income	2.2.2	1,290	2,190
<b>Total income from transactions</b>		<b>64,888</b>	<b>64,841</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	(26,880)	(23,951)
Depreciation	4.1.1	(7,188)	(6,788)
Interest expense	6.1	(199)	(225)
Other operating expenses	3.2	(26,691)	(24,485)
<b>Total expenses from transactions</b>		<b>(60,958)</b>	<b>(55,449)</b>
<b>Net result from transactions (net operating balance)</b>		<b>3,930</b>	<b>9,392</b>
<b>Other economic flows included in net result</b>			
Net gain on non-financial assets	8.2(a)	570	202
Other gains/(losses) from other economic flows	8.2(b)	2	104
<b>Total other economic flows included in net results</b>		<b>572</b>	<b>306</b>
<b>Net result</b>		<b>4,502</b>	<b>9,698</b>
<b>Other economic flows – other comprehensive income:</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation reserve	8.3	1,908	0
<b>Comprehensive result</b>		<b>6,410</b>	<b>9,698</b>

*The accompanying notes form part of these financial statements.*

## Balance sheet as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	82,211	49,319
Receivables	5.1	2,434	5,365
Investments and other financial assets	4.2	5,786	5,150
<b>Total financial assets</b>		<b>90,431</b>	<b>59,834</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	82,484	77,152
Other non-financial assets	5.3	898	1,138
<b>Total non-financial assets</b>		<b>83,382</b>	<b>78,290</b>
<b>Total assets</b>		<b>173,813</b>	<b>138,124</b>
<b>Liabilities</b>			
Payables	5.2	5,090	3,909
Borrowings	6.1	3,408	3,939
Provisions	3.1.2	6,581	5,964
<b>Total liabilities</b>		<b>15,079</b>	<b>13,812</b>
<b>Net assets</b>		<b>158,734</b>	<b>124,312</b>
<b>Equity</b>			
Accumulated surplus		75,936	71,434
Physical asset revaluation reserve surplus	8.3	11,981	10,073
Contributed capital		70,817	42,805
<b>Net worth</b>		<b>158,734</b>	<b>124,312</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the financial year ended 30 June 2018

	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>	<b>10,073</b>	<b>61,736</b>	<b>42,805</b>	<b>114,614</b>
Net result for the year	0	9,698	0	9,698
Other comprehensive income	0	0	0	0
Capital appropriations	0	0	0	0
<b>Balance at 30 June 2017</b>	<b>10,073</b>	<b>71,434</b>	<b>42,805</b>	<b>124,312</b>
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
<b>Balance at 30 June 2018</b>	<b>11,981</b>	<b>75,936</b>	<b>70,817</b>	<b>158,734</b>

*The accompanying notes form part of these financial statements.*

## Cash flow statement for the financial year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		56,509	52,671
Receipts from other entities		10,825	8,026
Goods and services tax recovered from the ATO		3,258	2,519
Interest received		860	550
Other receipts (unit cash)		0	364
<b>Total receipts</b>		<b>71,452</b>	<b>64,130</b>
<b>Payments</b>			
Payments to suppliers and employees		(54,216)	(53,494)
Interest and other costs of finance paid		(204)	(230)
Other payments		(943)	(46)
<b>Total payments</b>		<b>(55,363)</b>	<b>(53,770)</b>
<b>Net cash flow from/(used in) operating activities</b>	6.3.1	<b>16,089</b>	<b>10,360</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(5,434)	(5,061)
Proceeds from sales of investments		4,798	4,612
Purchases of non-financial assets		(10,207)	(7,559)
Sales of non-financial assets		710	777
<b>Net cash flows from/(used in) investing activities</b>		<b>(10,133)</b>	<b>(7,231)</b>
<b>Cash flows from financing activities</b>			
Owner contributions by State Government		28,012	0
Repayment of finance leases		(1,076)	(1,055)
<b>Net cash flows from/(used in) financing activities</b>		<b>26,936</b>	<b>(1,055)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>32,892</b>	<b>2,074</b>
Cash and cash equivalents at the beginning of the financial year		49,319	47,245
<b>Cash and cash equivalents at the end of the financial year</b>	6.3	<b>82,211</b>	<b>49,319</b>

The accompanying notes form part of these financial statements.

# Notes to the 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 143 VICSES volunteer units (141 stand-alone units and two satellite 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 8.12 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, tsunami, 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 Regulation. 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	2018 \$'000	2017 \$'000
Grants	2.2.1	62,682	62,094
Interest income		855	532
Sale of services		61	25
Other income	2.2.2	1,290	2,190
<b>Total income from transactions</b>		<b>64,888</b>	<b>64,841</b>

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

	2018	2017
	\$'000	\$'000
<b>General purpose:</b>		
Department of Justice and Regulation		
- Operating grant income	53,871	46,559
- Volunteer and other grants	3,297	10,367
- Special Appropriation Volunteer WorkCover	591	311
Other State Government entities/agencies		
- Melbourne Water	170	350
- Transport Accident Commission	3,955	3,916
- Department of Environment, Land, Water and Planning	500	500
- Other	95	18
Commonwealth Departments	0	50
Other	203	23
<b>Total grants</b>	<b>62,682</b>	<b>62,094</b>

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.

Grants can be received as general purpose grants, which refers 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.

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.

## 2. Funding delivery of our services (continued)

### 2.2 Income from transactions (continued)

#### 2.2.2 Other income

	2018	2017
	\$'000	\$'000
Sponsorship	570	555
Donations	124	48
Other income	596	1,164
Net result of VICSES volunteer units	0	423
<b>Total other income</b>	<b>1,290</b>	<b>2,190</b>

**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.

**Special Appropriation Volunteer WorkCover** is recognised by the Authority on an accrual basis.

**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 1).

## 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

		2018	2017
		\$'000	\$'000
Employee benefit expenses	3.1.1	26,880	23,951
Other operating expenses	3.2	26,691	24,485
<b>Total expenses incurred in delivery of services</b>		<b>53,571</b>	<b>48,436</b>

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2018	2017
	\$'000	\$'000
Post-employment benefits:		
- Defined contribution superannuation plans	(1,836)	(1,681)
- Defined benefit superannuation expenses	(73)	(82)
Termination benefits	(170)	(27)
Salaries and wages, annual leave and long service leave	(24,801)	(22,161)
<b>Total employee expenses</b>	<b>(26,880)</b>	<b>(23,951)</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy 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).

## 3. The cost of delivering services (continued)

### 3.1 Expenses incurred in delivery of services (continued)

#### 3.1.1 Employee benefits in the comprehensive operating statement (continued)

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.

#### 3.1.2 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, and time-in-lieu for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2018	2017
	\$'000	\$'000
<b>Current provisions<sup>(i)</sup>:</b>		
<b>Annual leave<sup>(ii)</sup></b>		
Unconditional and expected to settle within 12 months	2,382	1,871
Unconditional and expected to settle after 12 months	152	221
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	1,208	1,277
Unconditional and expected to settle after 12 months	1,126	955
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	654	560
Unconditional and expected to settle after 12 months	239	216
<b>Total current provisions for employee benefits</b>	<b>5,761</b>	<b>5,100</b>
<b>Non-current provisions:</b>		
Employee benefits <sup>(i)</sup>	691	728
On-costs	129	136
<b>Total non-current provisions for employee benefits</b>	<b>820</b>	<b>864</b>
<b>Total provisions for employee benefits</b>	<b>6,581</b>	<b>5,964</b>

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 not employee benefits, and are recognised as a separate provision.

(ii) Annual leave includes annual leave and time-in-lieu entitlements.

## 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)

##### Reconciliation of movement in on-cost provision

	2018	2017
	\$'000	\$'000
<b>Opening balance</b>	<b>912</b>	<b>875</b>
Additional provisions recognised	513	360
Reductions arising from payments/other sacrifices of future economic benefits	(403)	(323)
<b>Closing balance</b>	<b>1,022</b>	<b>912</b>
Current	893	776
Non-current	129	136
<b>Total on-cost provision</b>	<b>1,022</b>	<b>912</b>

**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.

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.

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

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

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

## 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)

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Defined benefits plan</b>				
State Superannuation Fund - Revised and New <sup>(i)</sup>	73	80	3	2
<b>Defined contribution plans</b>				
VicSuper	1,036	997	42	21
Other	782	628	31	35
<b>Total</b>	<b>1,891</b>	<b>1,705</b>	<b>76</b>	<b>58</b>

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

	2018	2017
	\$'000	\$'000
<b>Supplies and services:</b>		
- Contractors and professional services	(5,017)	(4,073)
- Building service and maintenance expenses	(2,431)	(2,413)
- Travel and associated costs	(716)	(1,012)
- Printing, stationery and other office expenses	(521)	(737)
- Postage and communication expenses	(5,554)	(4,893)
- Vehicle expenses	(1,277)	(1,228)
- Technology services costs	(4,209)	(4,278)
- Protective clothing	(853)	(811)
- Emergency rescue equipment	(2,615)	(2,344)
- Training (volunteers and staff)	(1,760)	(1,917)
- Other	(676)	(733)
<b>Operating lease rental expenses:</b>		
- Lease payments	(46)	(46)
Net result of VICSES volunteer units	(1,016)	0
<b>Total other operating expenses</b>	<b>(26,691)</b>	<b>(24,485)</b>

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 <sup>(i)</sup>						
	Gross carrying amounts		Accumulated depreciation		Net carrying amounts	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Nature-based classification</b>						
Crown land at fair value	14,996	12,560	0	0	14,996	12,560
Buildings and leasehold improvements at fair value	24,242	22,952	(5,645)	(4,576)	18,597	18,376
Plant, equipment and vehicles at fair value	71,800	65,921	(31,075)	(27,304)	40,725	38,617
Leased vehicles at fair value	6,030	6,286	(2,612)	(2,309)	3,418	3,977
Assets under construction at cost	4,748	3,622	0	0	4,748	3,622
<b>Total property, plant and equipment</b>	<b>121,816</b>	<b>111,341</b>	<b>(39,332)</b>	<b>(34,189)</b>	<b>82,484</b>	<b>77,152</b>

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.

## 4. Key assets available to support output delivery (continued)

### 4.1 Property, plant and equipment (continued)

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 depreciated replacement cost method is used, and adjusted for the associated depreciations.

**Leasehold improvements** are valued using the depreciated 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 depreciated 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

	2018	2017
	\$'000	\$'000
Buildings and leasehold improvement	(1,069)	(956)
Plant, equipment and vehicles	(5,110)	(4,815)
Leased vehicles	(1,009)	(1,017)
<b>Total depreciation</b>	<b>(7,188)</b>	<b>(6,788)</b>

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.

## 4. Key assets available to support output delivery (continued)

### 4.1 Property, plant and equipment (continued)

#### 4.1.1 Depreciation and impairment (continued)

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.

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

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

## 4. Key assets available to support output delivery (continued)

### 4.1 Property, plant and equipment (continued)

#### 4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment<sup>(i)(ii)</sup>

Carrying Amount	Crown land at fair value	Buildings and leasehold improvements at fair value	Plant, equipment and vehicles at fair value	Leased vehicles at fair value	Assets under construction at cost <sup>(iii)</sup>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2016</b>	<b>12,560</b>	<b>18,440</b>	<b>38,442</b>	<b>3,766</b>	<b>2,562</b>	<b>75,770</b>
Additions	0	0	0	1,645	7,100	8,745
Transfers in/(out) of assets under construction	0	892	5,148	0	(6,040)	0
Disposals	0	0	(158)	(417)	0	(575)
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	0	0	0	0	0	0
Depreciation expense	0	(956)	(4,815)	(1,017)	0	(6,788)
<b>Balance at 30 June 2017</b>	<b>12,560</b>	<b>18,376</b>	<b>38,617</b>	<b>3,977</b>	<b>3,622</b>	<b>77,152</b>
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 from disposal group held for sale	0	0	0	0	0	0
Depreciation expense	0	(1,069)	(5,110)	(1,009)	0	(7,188)
<b>Balance at 30 June 2018</b>	<b>14,996</b>	<b>18,597</b>	<b>40,725</b>	<b>3,418</b>	<b>4,748</b>	<b>82,484</b>

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

	2018	2017
	\$'000	\$'000
<b>Current investments and other financial assets<sup>(i)</sup></b>		
<b>Term deposits:<sup>(ii)</sup></b>		
• Australian dollar term deposits > 3 months	5,434	4,798
<b>Total current investments and other financial assets</b>	<b>5,434</b>	<b>4,798</b>
<b>Non-current investments and other financial assets<sup>(i)</sup></b>		
<b>Term deposits:<sup>(ii)</sup></b>		
• Australian dollar term deposits > 12 months	352	352
<b>Total non-current investments and other financial assets</b>	<b>352</b>	<b>352</b>
<b>Total investments and other financial assets</b>	<b>5,786</b>	<b>5,150</b>

*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

	2018	2017
	\$'000	\$'000
<b>Current receivables</b>		
<b>Contractual</b>		
Accrued interest income	124	33
Other receivables <sup>(i)</sup>	1,898	4,948
	2,022	4,981
<b>Statutory</b>		
GST recoverable (net)	412	384
Other receivables	0	0
	412	384
<b>Total current receivables</b>	<b>2,434</b>	<b>5,365</b>
<b>Total receivables</b>	<b>2,434</b>	<b>5,365</b>

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 "loans and receivables". They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method, less any impairment.

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

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

## 5. Other assets and liabilities (continued)

### 5.1 Receivables (continued)

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

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

#### Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1–3 months \$'000	3 months to 1 year \$'000	1–5 years \$'000
<b>2018</b>						
- Accrued interest income	124	124	0	0	0	0
- Other receivables	1,898	1,898	0	0	0	0
<b>Total</b>	<b>2,022</b>	<b>2,022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2017</b>						
- Accrued interest income	33	33	0	0	0	0
- Other receivables	4,948	4,948	0	0	0	0
<b>Total</b>	<b>4,981</b>	<b>4,981</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note:

(i) Ageing analysis of financial assets excludes statutory financial assets (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

The average credit period for sale of services and for other receivables is 30 days. No interest is charged on other receivables. There are no material financial assets that are individually determined to be impaired. Currently the Authority does not hold any collateral as security, nor credit enhancements relating to any of its financial assets.

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

## 5. Other assets and liabilities (continued)

### 5.2 Payables

	2018	2017
	\$'000	\$'000
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services	4,944	3,782
	4,944	3,782
<b>Statutory</b>		
Other taxes payable	146	127
	146	127
<b>Total current payables</b>	<b>5,090</b>	<b>3,909</b>
<b>Total payables</b>	<b>5,090</b>	<b>3,909</b>

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.
- **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.



## 5. Other assets and liabilities (continued)

### 5.2 Payables (continued)

#### Maturity analysis of contractual payables<sup>(i)</sup>

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
<b>2018</b>						
<b>Payables<sup>(ii)</sup></b>						
- Supplies and services	4,944	4,944	4,944	0	0	0
<b>Total</b>	<b>4,944</b>	<b>4,944</b>	<b>4,944</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2017</b>						
<b>Payables<sup>(ii)</sup></b>						
- Supplies and services	3,782	3,782	3,782	0	0	0
<b>Total</b>	<b>3,782</b>	<b>3,782</b>	<b>3,782</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	2018 \$'000	2017 \$'000
<b>Current other assets</b>		
Prepayments	757	835
<b>Total current other assets</b>	<b>757</b>	<b>835</b>
<b>Non-current other assets</b>		
Prepayments	141	303
<b>Total non-current other assets</b>	<b>141</b>	<b>303</b>
<b>Total other assets</b>	<b>898</b>	<b>1,138</b>

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

## 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	2018 \$'000	2017 \$'000
<b>Current borrowings</b>			
Finance lease liabilities <sup>(i)</sup>	6.2	1,520	1,526
<b>Total current borrowings</b>		<b>1,520</b>	<b>1,526</b>
<b>Non-current borrowings</b>			
Finance lease liabilities <sup>(i)</sup>	6.2	1,888	2,413
<b>Total non-current borrowings</b>		<b>1,888</b>	<b>2,413</b>
<b>Total borrowings</b>		<b>3,408</b>	<b>3,939</b>

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. All interest-bearing borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Authority has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through the profit or loss', 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.

**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<sup>(i)</sup>

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
<b>2018</b>						
<b>Borrowings</b>						
- Finance lease liabilities	3,408	3,612	83	427	1,139	1,963
<b>Total</b>	<b>3,408</b>	<b>3,612</b>	<b>83</b>	<b>427</b>	<b>1,139</b>	<b>1,963</b>
<b>2017</b>						
<b>Borrowings</b>						
- Finance lease liabilities	3,939	4,202	108	492	1,089	2,513
<b>Total</b>	<b>3,939</b>	<b>4,202</b>	<b>108</b>	<b>492</b>	<b>1,089</b>	<b>2,513</b>

Note:

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

#### Interest expense

	2018 \$'000	2017 \$'000
Interest on finance leases	199	225
<b>Total interest expense</b>	<b>199</b>	<b>225</b>

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

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of technical terms* in Note 8.11 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 <sup>(i)</sup>		Present value of minimum future lease payments	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
<b>Finance lease liabilities payable<sup>(ii)</sup></b>					
Not longer than 1 year		1,650	1,689	1,520	1,526
Longer than 1 year but not longer than 5 years		1,962	2,513	1,888	2,413
<b>Minimum future lease payments</b>		<b>3,612</b>	<b>4,202</b>	<b>3,408</b>	<b>3,939</b>
Less future finance charges		(204)	(263)		0
<b>Present value of minimum lease payments</b>		<b>3,408</b>	<b>3,939</b>	<b>3,408</b>	<b>3,939</b>
<b>Included in the financial statements as:</b>					
Current borrowings lease liabilities	6.1			1,520	1,526
Non-current borrowing lease liabilities	6.1			1,888	2,413
<b>Total</b>				<b>3,408</b>	<b>3,939</b>

**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. If there is certainty that the Authority will obtain ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

**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.

	2018	2017
	\$'000	\$'000
Total cash and deposits disclosed in the balance sheet held by the Authority	67,749	36,181
Total cash and deposits disclosed in the balance sheet held by volunteer units <sup>(i)</sup>	14,462	13,138
<b>Balance as per cash flow statement</b>	<b>82,211</b>	<b>49,319</b>

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

	2018	2017
	\$'000	\$'000
<b>Net result for the period</b>	4,502	9,680
<b>Non-cash movements</b>		
- (Gain)/loss on sale or disposal of non-current assets	(570)	(202)
- Depreciation of non-current assets	7,188	6,788
<b>Movements in assets and liabilities</b>		
- (Increase)/decrease in receivables	2,931	(4,671)
- (Increase)/decrease in other non-financial assets	240	(476)
- Increase/(decrease) in payables	1,181	(871)
- Increase/(decrease) in provisions	617	112
<b>Net cash flows from/(used in) operating activities</b>	<b>16,089</b>	<b>10,360</b>

### 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<sup>(i)</sup>

	2018 \$'000	2017 \$'000
<b>(a) Commitments</b>		
<b>Capital expenditure commitments</b>		
Plant and equipment	2,984	1,945
<b>Total capital expenditure commitments</b>	<b>2,984</b>	<b>1,945</b>
<b>Operating and lease commitments<sup>(ii)</sup></b>		
Leasing of office and logistics facilities <sup>(iii)</sup>	2,464	2,777
<b>Total operating and lease commitments</b>	<b>2,464</b>	<b>2,777</b>
<b>Other commitments</b>		
Outsourcing		
– Information technology and communications	4,965	4,677
– Other	692	857
<b>Total other commitments</b>	<b>5,657</b>	<b>5,534</b>
<b>(b) Commitments payable</b>		
<b>Capital expenditure commitments payable</b>		
Less than 1 year	2,984	1,945
Longer than 1 year but not longer than 5 years	0	0
5 years or more	0	0
<b>Total capital expenditure commitments</b>	<b>2,984</b>	<b>1,945</b>
<b>Operating and lease commitments payable<sup>(ii)</sup></b>		
Less than 1 year	912	986
Longer than 1 year but not longer than 5 years	1,407	1,769
5 years or more	145	22
<b>Total operating and lease commitments</b>	<b>2,464</b>	<b>2,777</b>
<b>Other commitments payable</b>		
Less than 1 year	4,580	4,907
Longer than 1 year but not longer than 5 years	1,077	627
5 years or more	0	0
<b>Total other commitments</b>	<b>5,657</b>	<b>5,534</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>11,105</b>	<b>10,256</b>
Less GST recoverable from the Australian Taxation Office	(910)	(932)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>10,195</b>	<b>9,324</b>

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. How we financed our operations (continued)

### 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*.

#### Categories of financial instruments

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.

**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.



## 7. Risks, contingencies and valuation judgements (continued)

### 7.1 Financial instruments specific disclosures (continued)

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 in any of the following circumstances:

- The rights to receive cash flows from the asset have expired.
- 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.
- 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.

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

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

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

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

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

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

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

## 7. Risks, contingencies and valuation judgements (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.1 Financial instruments: Categorisation

	Contractual financial assets – loans and receivables and cash		Contractual financial liabilities at amortised cost		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Contractual financial assets</b>						
Cash and deposits	82,211	49,319	0	0	82,211	49,319
<b>Receivables<sup>(i)</sup></b>						
- Accrued interest income	124	33	0	0	124	33
- Other receivables	1,898	4,948	0	0	1,898	4,948
<b>Investments and other contractual financial assets</b>						
- Term deposits	5,786	5,150	0	0	5,786	5,150
<b>Total contractual financial assets</b>	<b>90,019</b>	<b>59,450</b>	<b>0</b>	<b>0</b>	<b>90,019</b>	<b>59,450</b>
<b>Contractual financial liabilities</b>						
<b>Payables<sup>(i)</sup></b>						
- Supplies and services	0	0	4,944	3,782	4,944	3,782
<b>Borrowings</b>						
- Lease liabilities	0	0	3,408	3,939	3,408	3,939
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>0</b>	<b>8,352</b>	<b>7,721</b>	<b>8,352</b>	<b>7,721</b>

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<sup>(i)</sup>

	Total interest income / (expense) \$'000	Impairment loss \$'000	Total \$'000
<b>2018</b>			
<b>Contractual financial assets</b>			
Financial assets – cash and deposits	855	0	855
<b>Total contractual financial assets</b>	<b>855</b>	<b>0</b>	<b>855</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(199)	0	(199)
<b>Total contractual financial liabilities</b>	<b>(199)</b>	<b>0</b>	<b>(199)</b>
<b>2017</b>			
<b>Contractual financial assets</b>			
Financial assets - cash and deposits	532	0	532
<b>Total contractual financial assets</b>	<b>532</b>	<b>0</b>	<b>532</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(225)	0	(225)
<b>Total contractual financial liabilities</b>	<b>(225)</b>	<b>0</b>	<b>(225)</b>

Note:

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

## 7. Risks, contingencies and valuation judgements (continued)

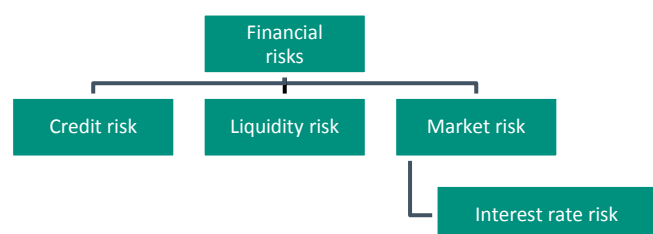
### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.2 Financial instruments – net holdings gain/(loss) on financial instruments by category (continued)

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

- For cash and deposits, the net gain or loss is calculated by taking the interest income, 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 losses arising from the revaluation of financial liabilities measured at amortised cost.

#### 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 assets, 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.

## 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)

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.

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 2017-18.

## 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 contractual financial assets that are neither past due nor impaired<sup>(i)</sup>

	Government agencies (AAA credit rating)	Other	Total
	\$'000	\$'000	\$'000
<b>2018</b>			
<b>Contractual financial assets</b>			
Cash and deposits	45,000	37,211	82,211
<b>Receivables<sup>(i)</sup></b>			
Accrued interest income	105	19	124
Other receivables	1,898	0	1,898
<b>Investments and other contractual financial assets</b>			
Term deposits	0	5,786	5,786
<b>Total contractual financial assets</b>	<b>47,003</b>	<b>43,016</b>	<b>90,019</b>
<b>2017</b>			
<b>Contractual financial assets</b>			
Cash and deposits	20,000	29,319	49,319
<b>Receivables<sup>(i)</sup></b>			
Accrued interest income	16	17	33
Other receivables	4,948	0	4,948
<b>Investments and other contractual financial assets</b>			
Term deposits	0	5,150	5,150
<b>Total contractual financial assets</b>	<b>24,964</b>	<b>34,486</b>	<b>59,450</b>

Note:

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

## 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: 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 which are readily tradeable in financial markets, and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

##### 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 (2017: 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.

## 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 (continued)

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
<b>2018</b>					
<b>Financial assets</b>					
Cash and deposits <sup>(i)</sup>	1.41%	82,211	49,539	32,669	3
Receivables <sup>(i)</sup>					
- 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
<b>Total financial assets</b>		<b>90,019</b>	<b>55,325</b>	<b>32,669</b>	<b>2,025</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup>					
- Supplies and services		4,944	0	0	4,944
Borrowings					
- Finance lease liabilities	5.51%	3,408	3,408	0	0
<b>Total financial liabilities</b>		<b>8,352</b>	<b>3,408</b>	<b>0</b>	<b>4,944</b>
<b>2017</b>					
<b>Financial assets</b>					
Cash and deposits <sup>(i)</sup>	1.42%	49,319	24,606	24,711	3
Receivables <sup>(i)</sup>					
- Accrued interest income		33	0	0	33
- Other receivables		4,948	0	0	4,948
Investments and other contractual financial assets					
- Term deposits		5,150	5,150	0	0
<b>Total financial assets</b>		<b>59,450</b>	<b>29,756</b>	<b>24,711</b>	<b>4,984</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup>					
- Supplies and services		3,782	0	0	3,782
Borrowings					
- Finance lease liabilities	5.80%	3,939	3,939	0	0
<b>Total financial liabilities</b>		<b>7,721</b>	<b>3,939</b>	<b>0</b>	<b>3,782</b>

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
<b>2018</b>			
Cash and deposits <sup>(i)</sup>	82,211	(163)	163
Investments and other contractual financial assets	5,786		
<b>Total impact</b>	<b>87,997</b>	<b>(163)</b>	<b>163</b>
<b>Contractual financial liabilities</b>			
Borrowings <sup>(ii)</sup>	3,408	0	0
<b>Total impact</b>	<b>3,408</b>	<b>0</b>	<b>0</b>
<b>2017</b>		<b>-50 basis points</b>	<b>+50 basis points</b>
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	49,319	(124)	124
Investments and other contractual financial assets	5,150		
<b>Total impact</b>	<b>54,469</b>	<b>(124)</b>	<b>124</b>
<b>Contractual financial liabilities</b>			
Borrowings <sup>(ii)</sup>	3,939	0	0
<b>Total impact</b>	<b>3,939</b>	<b>0</b>	<b>0</b>

##### Notes:

(i) Cash and deposits includes a deposit of \$32,669 thousand (2017: \$24,711 thousand) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

- 2018: \$32,669 thousand x -0.005 = -\$163 thousand; and \$32,669 thousand x 0.005 = \$163 thousand
- 2017: \$24,711 thousand x -0.005 = -\$124 thousand; and \$24,711 thousand x 0.005 = \$124 thousand

(ii) Borrowings include nil (2017: 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.

## 7. Risks, contingencies and valuation judgements (continued)

### 7.2 Contingent assets and contingent liabilities (continued)

#### 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 2018 (2017: none).

#### 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
- 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 2018 (2017: None).

### 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.

## 7. Risks, contingencies and valuation judgements (continued)

### 7.3 Fair value determination (continued)

#### 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
- 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.

#### 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.
- 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.
  - 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
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

## 7. Risks, contingencies and valuation judgements (continued)

### 7.3 Fair value determination (continued)

#### 7.3.1 Fair value determination of financial assets and liabilities (continued)

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 2017-18 reporting period.

These financial instruments include:

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

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 2018	Carry amount as at 30 June 2017	Fair value at the end of reporting period using:						
			Level 1 <sup>(i)</sup>	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>	Level 3 <sup>(i)</sup>	
			2018	2017	2018	2017	2018	2017	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Crown land at fair value									
- Non-specialised land	14,996	12,560	0	0	14,996	12,560	0	0	0
<b>Total of land at fair value</b>	<b>14,996</b>	<b>12,560</b>	<b>0</b>	<b>0</b>	<b>14,996</b>	<b>12,560</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings and leasehold improvements at fair value									
- Specialised buildings	11,214	10,810	0	0	0	0	11,214	10,810	0
- Leasehold improvements	7,383	7,567	0	0	0	0	7,383	7,567	0
<b>Total of buildings at fair value</b>	<b>18,597</b>	<b>18,377</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,597</b>	<b>18,377</b>	<b>0</b>
Plant, equipment and vehicles at fair value									
- Vehicles	35,278	34,793	0	0	0	0	35,278	34,793	0
- Plant and equipment	8,865	7,800	0	0	0	0	8,865	7,800	0
<b>Total of plant, equipment and vehicles at fair value</b>	<b>44,143</b>	<b>42,593</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,143</b>	<b>42,593</b>	<b>0</b>

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.

## 7. Risks, contingencies and valuation judgements (continued)

### 7.3 Fair value determination (continued)

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

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 depreciated 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.

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

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

For all assets measured at fair value, the current use is considered the highest and best use.

## 7. Risks, contingencies and valuation judgements (continued)

### 7.3 Fair value determination (continued)

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

##### Reconciliation of Level 3 fair value movements

	Specialise d buildings \$'000	Leasehold improvements \$'000	Vehicles \$'000	Plant and equipment \$'000
<b>Balance at 30 June 2016</b>	<b>11,126</b>	<b>7,314</b>	<b>35,400</b>	<b>6,808</b>
Purchases (sales)	0	891	4,026	2,192
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result:				
- Depreciation	(316)	(638)	(4,633)	(1,200)
- Impairment loss	0	0	0	0
<b>Subtotal</b>	<b>(316)</b>	<b>253</b>	<b>(607)</b>	<b>992</b>
Gains or losses recognised in other economic flows:				
- Revaluation	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 30 June 2017</b>				
	<b>10,810</b>	<b>7,567</b>	<b>34,793</b>	<b>7,800</b>
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
<b>Subtotal</b>	<b>404</b>	<b>(184)</b>	<b>485</b>	<b>1,065</b>
Gains or losses recognised in other economic flows:				
- Revaluation	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 30 June 2018</b>	<b>11,214</b>	<b>7,383</b>	<b>35,278</b>	<b>8,865</b>



## 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

2018 and 2017	Valuation technique	Significant unobservable inputs
<b>Specialised buildings</b>	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
<b>Leasehold improvements</b>	Depreciated replacement cost	Cost per unit Useful life of leasehold improvements
<b>Vehicles</b>	Depreciated replacement cost	Cost per unit Useful life of vehicles
<b>Plant and equipment</b>	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2017.

## 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 Responsible persons
- 8.5 Remuneration of executives
- 8.6 Related parties
- 8.7 Remuneration of auditors
- 8.8 Subsequent events
- 8.9 Other accounting policies
- 8.10 Australian Accounting Standards issued that are not yet effective
- 8.11 Glossary of technical terms
- 8.12 Style conventions

#### 8.1 Ex-gratia expenses<sup>(i)</sup>

	2018	2017
	\$'000	\$'000
Compensation for economic loss	38	11
<b>Total ex-gratia expenses</b>	<b>38</b>	<b>11</b>

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.

	2018	2017
	\$'000	\$'000
<b>(a) Net gain on non-financial assets</b>		
Net gain on disposal of physical assets	570	202
<b>Total net gain/(loss) on non-financial assets</b>	<b>570</b>	<b>202</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) from revaluation of long service leave liability <sup>(i)</sup>	2	104
<b>Total other gains/(losses) from other economic flows</b>	<b>2</b>	<b>104</b>

Note:

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



## 8. Other disclosures (continued)

### 8.4 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	2018 No.	2017 No.
\$0 - \$9,999	0	2
\$10,000 - \$19,999	6	5
\$30,000 - \$39,999	0	1
\$40,000 - \$49,999	1	0
\$290,000 - \$299,999	0	0
\$300,000 - \$309,999	1	1
<b>Total numbers</b>	<b>8</b>	<b>9</b>
<b>Total amount</b>	<b>453,462</b>	<b>427,141</b>

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 Minister for Finance have been considered, and there are no matters to report.

### 8.5 Remuneration of executives

#### 8.5.1 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Authority, or on behalf of the Authority, in exchange for services rendered, and is disclosed in the following categories.

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

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

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

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

## 8. Other disclosures (continued)

### 8.5 Remuneration of executives (continued)

#### 8.5.1 Remuneration of executives (continued)

Remuneration of executive officers (including key management personnel disclosed in Note 8.6)	Total remuneration	
	2018 \$'000	2017 \$'000
Short-term employee benefits	779	748
Post-employment benefits	69	66
Other long-term benefits	18	28
Termination benefits	0	0
<b>Total remuneration</b> <sup>(i)</sup>	<b>866</b>	<b>842</b>
<b>Total number of executives</b>	<b>5</b>	<b>4</b>
<b>Total annualised employee equivalents</b> <sup>(ii)</sup>	<b>4</b>	<b>4</b>

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 8.6).

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

### 8.6 Related parties

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

The financial statements incorporate financial transactions of the 143 VICSES volunteer units on a cash basis.

Related parties of the Authority and 143 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
- 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):

- \$57.760m received from Department of Justice and Regulation (2017: \$57.237m).
- \$4.720m received from the other state government-related entities (2017: \$4.784m).

## 8. Other disclosures (continued)

### 8.6 Related parties (continued)

**Key management personnel (KMP)** of the Authority includes:

- The Portfolio Minister, the Hon. James Merlino, MP
- The Governing Board (refer to Note 8.4 for list of Board members)
- The Accountable Officer, Stephen Griffin
- Members of the Senior Executive Team, which includes:
  - Trevor White Chief Officer Operations 1 July 2017 to 15 December 2017
  - Tim Wiebusch Chief Officer Operations 15 December 2017 to 30 June 2018
  - John Casey Director of Corporate Services

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.

	2018	2017
	\$'000	\$'000
<b>Compensation of KMPs</b>		
Short-term employee benefits	820	790
Post-employment benefits	73	70
Other long-term benefits	21	20
Termination benefits	0	0
<b>Total <sup>(i)</sup></b>	<b>914</b>	<b>880</b>

Note:

(i) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

#### 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.

#### Transactions and balances with key management personnel and other related parties (continued)

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, 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.

## 8. Other disclosures (continued)

### 8.7 Remuneration of auditors

	2018	2017
	\$'000	\$'000
<b>Victorian Auditor General's Office</b>		
- Audit of the financial statements	73	72
<b>Total remuneration of auditors</b>	<b>73</b>	<b>72</b>

Note:

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

### 8.8 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.
- 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.

### 8.9 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.

## 8. Other disclosures (continued)

### 8.9 Other accounting policies (continued)

#### Accounting for goods and services tax (GST) (continued)

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.

### 8.10 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards (AASs) become effective for reporting periods commencing after the operative dates stated.

Certain new AASs have been published which are not mandatory for the 30 June 2018 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Authority of their applicability and early adoption where applicable.

As at 30 June 2018, the following standards and interpretations (applicable to Authority) had been issued, but were not yet effective for the financial year ending 30 June 2018. The Authority has not early-adopted these standards.



Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends as follows: <ul style="list-style-type: none"> <li>• Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</li> <li>• Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> <li>– the entity's right to receive payment of the dividend is</li> </ul> </li> </ul>	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	<p>established;</p> <ul style="list-style-type: none"> <li>– it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably.</li> </ul>		
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> <li>• a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;</li> <li>• for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> </ul> <p>for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</p>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	1 Jan 2019	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>• Statutory receivables are recognised and measured similarly to financial assets</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>• The ‘customer’ does not need to be the recipient of goods and/or services;</li> <li>• The ‘contract’ could include an arrangement entered into under the direction of another party;</li> <li>• Contracts are enforceable if they are enforceable by legal or ‘equivalent means’;</li> <li>• Contracts do not have to have commercial substance, only economic substance; and</li> </ul> <p>Performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions.</p>
AASB 16 Leases	<p>The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.</p>	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the comprehensive operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 Income of Not-for-Profit Entities	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the comprehensive operating statement.</p>

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1059 Service Concession Arrangements: Grantor	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p> <p>The State has 2 types of PPPs:</p> <ol style="list-style-type: none"> <li>1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services: <ul style="list-style-type: none"> <li>• Operator finances and constructs the infrastructure; and</li> <li>• State pays unitary service payments over the term.</li> </ul> </li> <li>2. Economic Infrastructure: A PPP that is based on user pays model: <ul style="list-style-type: none"> <li>• Operator finances and constructs the infrastructure;</li> <li>• State does not pay for the cost of the construction; and</li> </ul> </li> </ol> <p>Operator charges asset users and recovers the cost of construction and operation for the term of the contract.</p>	1 January 2019	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> <li>• Operator is providing public services using a service concession asset;</li> <li>• Operator manages at 'least some' of public services under its own discretion;</li> <li>• The State controls/regulates: <ul style="list-style-type: none"> <li>– what services are to be provided;</li> <li>– to whom; and</li> <li>– at what price;</li> </ul> </li> <li>• State controls any significant residual interest in the asset.</li> </ul> <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard. Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.</p> <p>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.</p>

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.</p>	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.

## 8. Other disclosures (continued)

### 8.11 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.

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

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

**Financial 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.

**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/video 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.

## 8.12 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 2017-18 *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.

### Ministerial Directions and Financial Reporting Directions

#### Report of operations

##### Charter and purpose

Legislation	Requirement	Page Reference
FRD 22H	Manner of establishment and the relevant Ministers	14
FRD 22H	Purpose, functions, powers and duties	5-7
FRD 22H	Nature and range of services provided	5-7

##### Management and structure

Legislation	Requirement	Page Reference
FRD 22H	Organisational structure	16

##### *Financial and other information*

Legislation	Requirement	Page Reference
FRD 10A	Disclosure index	122
FRD 12B	Disclosure of major contracts	18
FRD 15E	Executive officer disclosures	9
FRD 22H	Employment and conduct principles	34
FRD 22H	Occupational health and safety policy	37
FRD 22H	Summary of the financial results for the year	52
FRD 22H	Significant changes in financial position during the year	53
FRD 22H	Major changes or factors affecting performance	53
FRD 22H	Subsequent events	111
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	17
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	18
FRD 22H	Statement on National Competition Policy	18
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	17
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	18
FRD 22H	Details of consultancies over \$10,000	19
FRD 22H	Details of consultancies under \$10,000	19
FRD 22H	Disclosure of government advertising expenditure	—
FRD 22H	Disclosure of ICT expenditure	19
FRD 22H	Statement of availability of other information	17
FRD 24D	Reporting of office-based environmental impacts	—
FRD 25C	Victorian Industry Participation Policy disclosures	17
FRD 29C	Workforce Data disclosure	35
SD 5.2	Specific requirements under Standing Directions 5.2	58

## Compliance attestation and declaration

Legislation	Requirement	Page Reference
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	18
SD 5.2.3	Declaration in report of operations	9

## Financial Statements

### Declaration

Legislation	Requirement	Page Reference
SD 5.2.2	Declaration in financial statements	58

### Other requirements under Standing Direction 5.2

Legislation	Requirement	Page Reference
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	58
SD 5.2.1(a)	Compliance with Ministerial Directions	58
SD 5.2.1(b)	Compliance with Model Financial Report	122

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

Legislation	Requirement	Page Reference
FRD 11A	Disclosure of ex-gratia expenses	106
FRD 21C	Disclosure of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	107
FRD 103G	Non-financial physical assets	60
FRD 110A	Cash flow statements	62
FRD 112D	Defined benefit superannuation obligations	72
FRD 119A	Transfers through contributed capital	61

## Legislation

*Freedom of Information Act 1982*

*Building Act 1993 (Vic)*

*Protected Disclosure Act 2012 (Vic)*

*Carers Recognition Act 2012 (Vic)*

*Victorian Industry Participation Policy Act 2003 (Vic)*

*Financial Management Act 1994 (Vic)*