

# Victoria State Emergency Service

*Annual Report 2019-20*



This report provides an account of the Victoria State Emergency Service (VICSES) during the 2019-20 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 2019-20 financial year.

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

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*The Victoria State Emergency Service respectfully acknowledges the Traditional Owners of the land and waters. We pay our respects to Elders past, present and emerging.*

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# A year at a glance

## 2019 - 2020



### Who we are

Control agency for:



Flood



Storm



Earthquake



Tsunami



Landslide



**149**

Units

**14**

Permanently staffed offices

**103**

Road rescue providers

### Our people



**5,147**  
Volunteers\*

33% Female 66.9% Male

0.1% Non-binary  
\*active & non-active

**Volunteer leadership** (Unit Controllers and Deputy Controllers)  
28.1% Female 71.5% Male 0.4% Non-binary

**223**  
Staff

43% Female 57% Male

**Staff leadership** (VPS6 and Executive level)  
42% Female 58% Male



### The 2019-20 financial year



**382,141**

Volunteer hours



**Flood**  
2,139 incidents  
(11,501 hrs)



**Storm**  
24,926 incidents  
(150,748 hrs)



**Road Crash Rescue**  
1,261 incidents  
(12,162 hrs)



**33,742**

Requests for assistance

**80% of all RFA's relate to flood and storm**



**Assisting agency**

150,980 hrs across 3,543 incidents



**Community engagement**

51,391 hours



**Tsunami, landslide or earthquake**

97 Requests for assistance



**Rescue (other)**

3,226 hours across 714 events

### Our fundamental goals

**1**

We will be a sustainable organisation to take us into the future

**2**

We will be an organisation of choice for our people and partners

**3**

We will work with and empower the community to build confidence and resilience

OUR ENABLERS



People



Infrastructure and systems



Funding

### Our Values



We pride ourselves on our credibility



We are part of our community



Safety drives our decisions



Focused and adaptable



Together we are VICSES

# About VICSES

## 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.

## 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. Our volunteers are the backbone of VICSES, serving the Victorian community 24 hours a day, 7 days a week, 365 days a year.

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

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

As a statutory authority, VICSES is governed by a Board, which is accountable to the Minister for Police and Emergency Services. Operating since 1950, VICSES covers all of Victoria, via 149<sup>1</sup> units across six regions, in addition to a Head Office located in Southbank, Melbourne.

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.

VICSES has served Victorians with distinction since 1950 and is a significant contributor and leader in emergency management.

We have a strong value proposition for government, community, employers and partners and we pride ourselves on being a values-based organisation of choice for Our People. We enjoy having the highest level of unprompted awareness of any emergency services organisation – well above most other sector organisations.

VICSES is unique in that it provides multiple specialist services, including road crash rescue and response to storm, flood and landslide, in addition to swift water rescue, and supporting other emergency services agencies with everything from search and rescue (land, water, steep angle and alpine), crime scene support, fire and ambulance support and other agency support.

Our broad remit means we are responsible for maintaining highly specialised services, training, vehicles and equipment across the broadest range of legislative responsibilities of any emergency service organisation in the state of Victoria. However, this presents a range of resource and financial challenges and constraints for VICSES.

With more frequent weather events, population growth, state health issues (COVID-19 pandemic), greater diversity of our communities, increased regulatory compliance and continued sector reform, VICSES is experiencing growing complexity and demand for the services we provide, and increased pressure on our current operating model.

These increased demands and expectations have implications on the experience of our volunteers, and their ability to deliver services safely and effectively for the communities we serve. As we continue to evolve to meet the changing demands and needs of communities, government and the emergency management sector,

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<sup>1</sup> This includes 141 stand-alone units, seven regional support units and one state support unit.  
Victoria State Emergency Service Annual Report 2019-20

continued investment in VICSES is vital to ensure our service delivery and operating model is sustainable to meet our current and future needs.

This document provides an overview of the work undertaken by VICSES in the 2019-20 financial year, and aims to highlight our unique strengths and expertise, while addressing our current challenges now and into the future. It demonstrates our strong commitment to advocate for the continued investment in our people, our capabilities, the way we operate and our technology in order to be a viable and sustainable emergency management service, and realise our vision of *Safer Communities – Together*.

## Our history

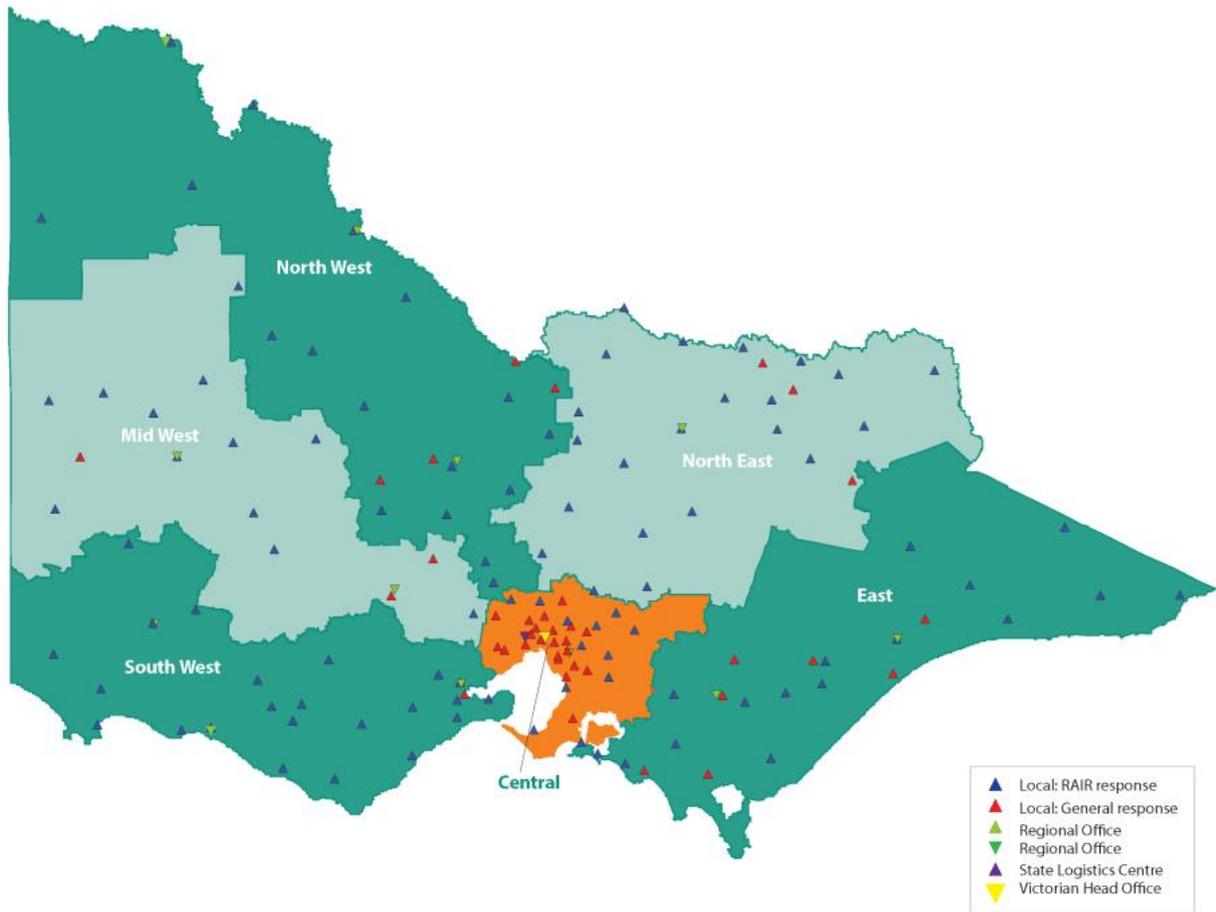
VICSES has a rich historical past. Established as a volunteer based Civil Defence Organisation which could quickly be activated in the event of war, VICSES has been involved in most major emergency responses in Victoria since we began in 1950.

### Our timeline

<p><b>1950</b></p> <p>VICSES is established as a volunteer based Civil Defence Organisation which could quickly be activated in the event of war.</p>	<p><b>1972</b></p> 	<p>Parliament passes the <i>State Emergency Services and Civil Defence Act</i> which formally legislates the role of the Victoria Civil Defence Organisation. At this time, around 100 voluntary Civil Defence Units had been established in municipalities across Victoria.</p>
<p><b>1981</b></p> 	<p><b>1979</b></p> <p>The Ministry for Police and Emergency Services is created, including Victoria Police, the Metropolitan Fire Brigade, Country Fire Authority and Victoria State Emergency Service.</p>	<p><b>1975</b></p> <p>The Victoria Civil Defence Organisation is renamed the <b>Victoria State Emergency Service</b> to conform with other states.</p> 
<p>The <i>Victoria State Emergency Service Act</i> is passed, formally recognising VICSES as a general emergency management agency.</p>	<p><b>2005</b></p> <p>Victoria State Emergency Service is established as an independent Statutory Authority.</p>	<p>//</p> <p><b>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.</b></p> <p>VICSES STRATEGIC PLAN 2018-22</p> <p>//</p>
<p><b>2015</b></p> 		

## Where we work

VICSES operates 14 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.



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

## 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.



### 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 of our people contribute to, and enhance our ability to prepare for, respond to and recover from emergencies.



**We are proud of our distinctive brand that is well recognised within the community and in how we actively embrace volunteerism.**

**VICSES STRATEGIC PLAN 2018-22**



# Victoria State Emergency Service value proposition

## To Our People

The Victoria State Emergency Service (VICSES) celebrates an inclusive and diverse workforce that is reflective of the communities we serve and is committed to leading better public safety outcomes. Our strong investment in organisational values is a key driver in empowering and motivating our volunteers and staff (Our People) in a work environment that acknowledges, respects and values the diversity, abilities and contributions of all. The safety of Our People is paramount. Working in partnership with some of Australia's most respected health and wellness providers, VICSES is committed to the health, safety and wellbeing of Our People and in ensuring a healthy work life balance.

## To community and government

Our volunteers are the backbone of VICSES, making up 95 per cent of Our People, who serve the Victorian community as an unpaid workforce 24 hours a day, 7 days a week, 365 days a year. VICSES has a long and proud history of serving Victoria with a simple vision: *Safer Communities – Together*. As a significant contributor and leader in emergency management, our strength is Our People, their highly skilled and extensive capabilities and networks. VICSES provides significant economic value to the state through a multiple specialist volunteer workforce that provides emergency assistance to thousands of Victorians every year.

## To employers

Volunteering for VICSES provides the opportunity to learn skills that are highly sought after and transferrable to the workplace. As a registered training office (RTO), all volunteers receive nationally endorsed and competency based training in a broad range of operational and non-operational areas, and gain skills and experience in leadership, teamwork, communication, accountability and commitment. Employers also benefit from increased employee engagement, morale and motivation, while making a demonstrated contribution to corporate social responsibility.

## To partners

Our research indicates that VICSES enjoys the highest level of recognition among the community compared to all other emergency services organisation within the Victorian community and well above most other sector organisations, making VICSES a well-recognised and trusted brand. Our collaborations with others can assist in the achievement of objectives we might not be able to achieve on our own; executed through exchange of goods, services, financial or in-kind support.

# VICSES today

## Our fundamental goals

<b>1</b>	<p><b>We will be a sustainable organisation to take us into the future</b></p> <p><b>OUR KEY INITIATIVES</b></p> <p><b>1.1</b> Review our operating model and scope of activities and reform our organisation structure</p> <hr/> <p><b>1.2</b> Advocate funding needs to government through relevant budget bids and strong relationships</p> <hr/> <p><b>1.3</b> Develop and implement a Strategic facilities management plan that supports our new operating model and structure</p>	<p><b>2</b> <b>We will be an organisation of choice for our people and partners</b></p> <p><b>2.1</b> Develop and implement Our People Strategy to build the capability of our people and strengthen our volunteer engagement</p> <hr/> <p><b>2.2</b> Develop and implement an Information Technology Strategy that better supports our volunteers and incorporates business intelligence</p> <hr/> <p><b>2.3</b> Work with partners to deliver shared services for the organisation</p>	<p><b>3</b> <b>We will work with and empower the community to build confidence and resilience</b></p> <p><b>3.1</b> Promote our brand, our role and our volunteers to community, partners and government</p> <hr/> <p><b>3.2</b> Mainstream community resilience through our services, structure and systems</p> <hr/> <p><b>3.3</b> Implement Operational capability strategy to deliver our services safely and effectively</p>
<p><b>OUR ENABLERS</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>People</p> </div> <div style="text-align: center;">  <p>Infrastructure and systems</p> </div> <div style="text-align: center;">  <p>Funding</p> </div> </div>			

Table: Excerpt from [VICSES Strategic Plan 2018 - 2022](#)

### Volunteer experience

VICSES actively embraces volunteerism, and is committed to providing a volunteer experience that meets family and work needs. We strive to be organisation of choice for people and partners, as described by Fundamental Goal two of our [Strategic Plan 2018-22](#) (as above).

### Diversity and inclusion

Diversity is the key to our success and VICSES is proud to celebrate an inclusive and supportive culture across the entire organisation. Across our volunteer workforce, we are proud to have 1,700 female volunteers (33 per cent), and 142 females within the Unit leadership team (28 per cent). In metropolitan and regional locations across the state, our people reflect the diversity of their communities.

We are committed to taking a leadership role in gender equality in the emergency management sector. In 2020-21, VICSES will be commencing a Gender Equality Project including appointing Gender Equality Champions. The project will commence with the auditing work to assess where we are at when it comes to gender equality, and be ready to comply with the Victorian Gender Equality Act, before the compliance date.

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

VICSES also recognises the Aboriginal Traditional Owners of Country throughout Victoria and their continuing connection to land, waters and community, paying respect to their cultures and Elders past, present and emerging. An Acknowledgement of Traditional Owners policy is being implemented across the business into the next financial year.

## Community resilience

Community engagement at VICSES is guided by the VICSES [Strategic Plan](#) to realise the vision of *Safer Communities – Together*. The VICSES [Community Resilience Strategy](#) has been renewed (Strategy Renewal) for a further three years from 2019-22. The Community Resilience Strategy Renewal 2019-22 is the starting point for all our community engagement work at VICSES, setting the roadmap for how we work with communities to build their resilience to emergencies.

Within the Strategy Renewal is the acknowledgment of the significant progress throughout the term of the [Community Resilience Strategy 2016-19](#). We also acknowledge there is more work to be done to realise, and deliver, upon our strategy to ensure communities are prepared and know what to do before, during, and after emergency events.

Within the Strategy Renewal are three strategic objectives – build capacity, increase collaboration, and foster connections.

Strategic Objectives	#1 Build Capacity	#2 Increase Collaboration	#3 Foster Connections
Goals	VICSES builds community knowledge and skills to support communities to prepare for, respond to and recover from emergency events	VICSES has effective partnerships through which we can collaborate and facilitate inclusive participation to enable community led activities and solutions	VICSES is an innovative and influential leader that fosters community connectivity and promotes positive behaviour change
Strategic Outcomes	Individuals, households and businesses believe that preparing for future emergency events is important	Program and service delivery with others is collaborative, integrated and community centred	Better connected communities that are able to adapt for future emergency events

The Strategy Renewal includes a focus on strong relationships between Victorians and the services, systems and structures to support our communities. VICSES continues to strengthen partnerships and work across the sector to build safer and more resilient communities. This has gone hand-in-hand with ongoing reporting and accountability measures to track progress for VICSES, partners, the Victorian Government, and other stakeholders.

In 2020, VICSES released its Community Resilience Strategy Year Three Outcomes report. The report contains key highlights, activities and outcomes implemented, namely during the 2018-19 financial year. Included in the report are initiatives undertaken through partnerships to build on the community engagement framework as a systematic approach for VICSES community safety programs. Achievements are measured against strategic objectives and key performance indicators so that we can continue to progress and refine our approaches.

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

## Municipal Emergency Management Plans

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

Under the Victoria State Emergency Service Act 2005, a key function of VICSES is to assist municipal councils in relation to the performance and exercise of their duties under the *Emergency Management Act 1986*. 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, Emergency Management Victoria (EMV). We assist Victoria Police in search and rescue operations, and play an important role in supporting Ambulance Victoria, Country Fire Authority (CFA), Metropolitan Fire Brigade (MFB), Parks Victoria, and the Department of Environment, Land, Water and Planning (DELWP), during fire and other emergency incidents.

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

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

Rescue of persons from, or endangered by:

- Road, aircraft, industrial and rail (RAIR) incidents
- Steep and high angle incidents
- Damaged or collapsed buildings
- Swift water
- Other emergency or dangerous situations

Supporting:

- Search and rescue on land, including caves and on water
- Evacuation
- Incidents involving mass casualties

Provision of information and advice to the community and government before, during and after emergency events.

## Chair's foreword



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

It was with great honour that I was appointed as Chair of the VICSES Board in February of this year. Having previously been positioned as the former Secretary of the Department of Justice and Regulation and former Secretary of the Department of Sustainability and Environment (now known as part of the Department of Land, Water and Planning (DELWP)), I have a great understanding of the important services that VICSES provides for communities across Victoria. I am pleased to be able to bring my expertise and experience into the organisation to help support the amazing work of all of our members.

In undertaking this position, I'd like to acknowledge the previous Board Chair Peter Akers for his six years of service to this great organisation. Peter has led VICSES through a number of key changes, including an improved funding model with the Victoria State Government, the largest building program in the history of the service, and overseeing the Memorandum of Understanding between state and local governments in support of our VICSES units. These are huge accomplishments, which I hope to build upon.

As Chair, my first priority is to deliver on the Strategic Plan 2018-22, and to play an active role in advocating for the services that VICSES delivers to help create a sustainable organisation into the future. Our vision, *Safer Communities - Together*, is a great reflection of our organisations diversity in terms of working to support community resilience, and in providing emergency assistance when people need it the most. As a volunteer based organisation delivering a 24 hour service every day of the year, I am passionate about supporting the dedicated expertise of all of our members.

In my short time as part of the VICSES Board, I have been both impressed and immensely proud of the diverse nature of our organisation, and the vast amount of requests for assistance that our volunteers respond to every day. There will be many challenges ahead for VICSES, particularly in terms of resourcing and the growth in demand for the services that we provide. I look forward to meeting many of our members face-to-face once the current COVID-19 restrictions have eased, to tackle these challenges and offer my best support.

Finally, I'd like to thank our volunteers, staff, board members and executive team for their ongoing dedication to VICSES and in keeping our communities safe.

A handwritten signature in blue ink, appearing to read 'G. Wilson', written in a cursive style.

Greg Wilson,  
**Board Chair**

Melbourne, 15 September 2020

## CEO's report



In what has been one of our most challenging and busiest years yet, I am pleased to present our Annual Report for 2019-20 - highlighting the successes, initiatives and activities of our organisation.

Since March this year (2020), the commitment and adaptability of our members has been highlighted during the ongoing COVID-19 pandemic. Whilst restrictions such as physical distancing presented challenges for unit training and business as usual activities, our members have continued to deliver the highest quality service to communities across Victoria. This has included providing support for a range of COVID-19 operations, such as testing sites, border closures, delivering key supplies to residents in lockdown, and positions at the State Control Centre; all of which have played an integral role in the State's COVID-19 response.

The hard work hasn't stopped there, with our organisation recording our second busiest year, with 33,742 total incidents. These efforts have not only been demonstrated in our members response as the control agency for flood, storm, landslide, tsunami, earthquake, and support as Australia's largest road crash rescue network, but also in stepping up to assist other emergency service agencies. This has included our involvement in the devastating bushfires throughout the summer season and in Victoria's largest ever search and rescue in June 2020.

The past 12 months have also seen a number of changes to our Board, including the expiration of term for Director Evelyn Duke, and retirement of Chair Peter Akers. Both Evelyn and Peter have made significant contributions to VICSES, and were both extremely committed in supporting our members and advocating for the important role that our volunteers play in the community. I would like to particularly thank Peter for his support during my time with VICSES, and his dedicated approach to amplifying the voices of our members. Peter was the initiator of Board meetings being hosted in the regions, and was a regular contributor to our State Controller Seminars each year. I wish both Evelyn and Peter the best.

Taking on the role of Board Chair, in February we welcomed Greg Wilson to the position. Greg is a former Secretary of the Department of Justice and Regulation, and has brought with him many years of government and departmental experience. I look forward to Greg assisting our organisation in taking on the challenges that we face in the emergency services sector, and continuing to build on the solid foundation of work that precedes him.

Saying farewell to another member, long-term employee Katrina Bahen announced her retirement as the Director of People and Community Development. Katrina oversaw many changes in her eleven years of service with VICSES, driving growth within the human resource management field. This included initiating the development of online learning, which has resulted in enhanced training outcomes for all of our volunteers. I'd like to thank Katrina for her valuable contributions throughout her time with VICSES.

This year has also seen great progress in the design and early delivery of new VICSES unit facilities. Our work with the Emergency Service Infrastructure Authority has laid the foundation for an unprecedented number of new buildings to be delivered over the next financial year. This is a credit to many of our members, who have contributed greatly to this achievement.

Before I close, I would like to extend my appreciation to our Board members, executive team, volunteers and staff, who tirelessly give so much to ensure that Victoria has one of the finest emergency service organisations in the world. Thank you all for your ongoing commitment to VICSES and demonstration of our vision: *Safer Communities - Together*.

Kind regards,

A handwritten signature in black ink, appearing to read 'S. Griffin', written in a cursive style.

Stephen Griffin  
**Chief Executive Officer**

Melbourne, 15 September 2020

## Our Board

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

### **Greg Wilson, Chair**

Greg Wilson was appointed as Victoria State Emergency Service (VICSES) Chair in February 2020.

Greg was previously with the Department of Premier and Cabinet, and was Secretary of the Department of Justice and Regulation, Secretary of the Department of Sustainability and Environment (now defunct), and Deputy Secretary of the Policy and Cabinet Group at the Department of Premier and Cabinet. Greg chaired the Victorian Essential Services Commission (formerly Office of the Regulator-General) and has held a number of senior leadership roles including Deputy Secretary (Water Sector) in the Department of Sustainability and Environment, General Manager of Regulatory Policy at the Essential Services Commission, Senior Economist, Department of Treasury and Finance, Melbourne Water and City West Water.

Greg was appointed as Chair of the Country Fire Authority (CFA) in 2020, and has been Chair of the Transport Accident Commission (TAC) since 2019.

### **Barbara Yeoh AM**

Barbara was appointed to the VICSES Board in June 2006. Barbara held the role of Deputy Chairperson for duration of the 2019-20 financial year, a position held since September 2017.

Barbara has an extensive career in the finance sector, in both the public and private sectors, as well as having broad experience over some 30 years as a director in the finance, health, transport, agricultural and education sectors. She is currently a member of the Australian Health Practitioner Regulation Agency (AHPRA) Management Committee, Principal Associate of PhillipsKPA, specialist advisers to the education sector, and Patron of the HUSH Foundation. More recently, Barbara served as Chair of Monash Health and Deputy Chair of the Civil Aviation Authority Board Audit Committee.

Barbara is a Fellow of the Australian Institute of Company Directors and a Member of the Order of Australia. In 2015, she was inducted into the Victorian Honour Roll of Women and received the CEO Magazine 2015 Chairperson of the Year award.

### **Bernard (Bernie) Cronin**

Bernie joined the VICSES board in October 2014.

Bernie brings skills in board governance, community infrastructure planning and service management. He has extensive senior management experience in local government and voluntary activities, including Municipal Emergency Recovery Management. His qualifications are in company directorship, business, human resources and social policy. Bernie is currently involved on a number of boards across social services and community based organisations.

### **Lisa Borowick CA**

Lisa joined the VICSES board in February 2017 and is Chair of the Risk & Audit Committee.

Lisa is a Chartered Accountant with more than 27 years' experience in commerce. Lisa's industry experience includes corporate travel, technology, insurance, residential property development, recruitment, risk management and accountancy. Lisa has spent over 30 years volunteering for not-for profits, such as environmental groups, and as the National President of sporting body, Maccabi Australia. Lisa sits on the Board of Goldman Group, LNB Projects Pty Ltd, and MAI Board of Governors.

Additionally Lisa is the International Chair of the English speaking Desk for Maccabi World Union and is a member of the International Sports Committee, who set and presided over the Sporting Regulations for the Maccabiah Games, a multi-sport event held quadrennially, currently the 3rd largest sporting event in the World.

## **Nina Brooks**

Nina joined the VICSES board in January 2016 and is Deputy Chair of the Risk & Audit Committee and a member of the Remuneration Committee.

Nina is an experienced human resource executive with over 25 years' experience and comprehensive knowledge of business partnering to achieve organisational results. She has worked across a variety of industries including professional services, consulting, FMCG, manufacturing and government. She is recognised as a trusted and insightful advisor across the full spectrum of people and organisational culture.

Nina has been a Director of Otway Health where she chaired the CEO Management Committee and is currently serving as a Director of International Social Services (Australia). Nina is a graduate of the Australian Institute of Company Directors (AICD).

## **Casey Nunn ASM**

Casey was appointed to the VICSES Board in February 2020.

Casey has extensive experience in emergency services, having served as a volunteer with Ambulance Victoria for over 18 years and the Country Fire Authority as an operational support volunteer for 13 years. She was awarded an Ambulance Service Medal in the 2011 Australia Day Honours. In 2012, Casey was awarded an Emergency Services Foundation (ESF) Scholarship and travelled throughout the United States and Canada studying recruiting, retaining and leading volunteers.

Casey is a former Hume Young Citizen of the Year and a Youth Parliament Participant. In 2012, Casey was elected to Hume City Council and served as Mayor from 2013 - 2014. Casey serves as a board member of the Salvation Army 3064 Advisory Board and is a Trustee Director for Vision Super. Casey is a Graduate of the Australian Institute of Company Directors (GAICD) and was inducted into the Victorian Honour Roll of Women in 2019.

## **Martin Geerings**

Martin was appointed to the VICSES Board in February 2020.

Martin has been a volunteer with the Victorian Country Fire Authority for 20 years, and brings with him skills and expertise obtained over 20 years working in the finance sector of a major industry and is the former owner of a small business. Martin has a long standing interest and involvement in community welfare organisations and has volunteered with the Wye River SLSC and Leukaemia Foundation.

# Our Executive

## **Stephen Griffin, Chief Executive Officer**

Stephen became Chief Executive Officer in May 2014. He has previously 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, Stephen has been successful in attracting federal and state government funding for large local government projects.

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

Tim Wiebusch was appointed Chief Officer Operations in December 2017, following 12 years working for VICSES in the roles of Deputy Chief Officer Operations and Deputy Chief Officer Operations (Readiness). Tim first joined VICSES as a volunteer in 1993. Tim brings a wealth of experience, with a career spanning 25 years in government agencies, in addition to significant long-term secondments at the Department of Economic Development, Jobs, Transport and Resources (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 (2016). More recently, Tim has also taken on the role of State Response Controller (Health), stationed at the State Control Centre, during the COVID-19 pandemic across 2020.

## **John Casey, Director - Corporate Services**

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

## **Kate White, Director - Community Resilience and Communications**

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

## **Silvia Silverii, Chief Information Officer**

Silvia Silverii joined VICSES as Chief Information Officer 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. As CIO for VICSES, Silvia leads the Information Services team.

In 2019, Silvia developed, and is now delivering, an Information Services Strategy which supports the corporate strategy and in turn underpins an improved 'volunteer experience'. Silvia was previously with the Independent Broad-based Anti-corruption Commission (IBAC) Victoria, where she held the role of Head of Information Technology and Management for 5 years, 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. Prior to that Silvia worked internationally and nationally for EPT Pty Ltd/KAZ Software Solutions.

## **Sharon Kelsey, Director - People and Organisation Development**

Sharon is an experienced Executive with chief executive and executive leadership roles in government, commercial and not-for profit organisations. As a qualified lawyer, Sharon has a broad background, serving as a police officer in outback Australia and as a Detective for the U.S. Army Airforce Exchange Service based in Japan. Her formal qualifications include a Master of Laws, Bachelor of Laws and post graduate qualifications in occupational health and safety, adult education and contemporary business practices. She brings passion,

knowledge and contemporary skills to the People and Development portfolio. Sharon leads the People and Organisation Development team.

*Sharon Kelsey replaced Katrina Bahen as Director, People and Organisation Development in March 2020.*

# Corporate governance

## Statutory authority, board and structure

### Responsible minister

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

### Statutory Authority

The Victoria State Emergency Service Authority was established by the *Victoria State Emergency Service Act 2005 (Vic)* (VICSES Act). The Victoria State Emergency Service Regulations 2017 were passed in November 2017. These regulations set the expectations of the standards for volunteers in behaviour, training, exercising of skills and other administration matters.

### Board responsibilities

The Victoria State Emergency Service Authority Board (the Board) is constituted under the *VICSES Act*. The Board is accountable to the Minister for Police and Emergency Services. The Board consists of seven directors appointed by the Governor in Council on the recommendation of the Minister for Police and Emergency Services.

The Board's key responsibilities include approving the organisation's strategic plan, monitoring its implementation and performance against the strategic plan objectives, and ensuring VICSES meets its statutory obligations. The Board also monitors and influences VICSES culture, reputation, policies and legal compliance. The authority of decision-making on a number of significant matters is reserved for the Board.

Outside of those areas, the CEO is responsible for the day-to-day management of VICSES. The CEO, together with the VICSES Executive Management Team, is responsible to the Board for the development and implementation of our strategy, and the overall management and performance of VICSES.

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

## Board committees

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

### Risk and Audit Committee

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

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

### Remuneration Committee

The Remuneration Committee monitors and advises on matters relating to:

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

The Board appoints the members and the Chair of each committee. Following each committee meeting, the Board receives a report from that committee on its deliberations, conclusions and recommendations.

## Sub-committees at 30 June 2020

Risk and Audit Committee	Remuneration Committee	
Lisa Borowick (Chair)	Greg Wilson (Chair)	Peter Akers ( former Chair)
Nina Brooks	Barbara Yeoh	Lisa Borowick
Barbara Yeoh	Nina Brooks	Bernie Cronin*

\* Attended from February 2020 on conclusion of Peter Akers term on Board.

## Board of directors' attendance at meetings

The below table outlines the number of meetings held by the Board and its committees during the 2019 - 2020 financial year, including attendance by Board directors:

Board		Board sub-committees	
Board Directors	Board Meetings (11)	Risk and Audit Committee (4)	Remuneration Committee (4)
Peter Akers*	6	2	3
Barbara Yeoh	11	4	4
Nina Brooks	11	4	4
Ev Duke**	2	2	
Lisa Borowick***	10	4	4
Bernie Cronin	11	1	2
Greg Wilson****	4		
Casey Nunn*****	4		
Martin Geerings*****	4		

\*Peter Akers retired from the Board on 7 February 2020

\*\*Ev Duke's term on the board ended on 25 October 2019

\*\*\*Lisa Borowick – Reappointed to Board 18 February 2020. Lisa Borowick was RAC Chair until her term on the Board expired; on reappointment, she was again appointed RAC Chair on 28 July 2020.

\*\*\*\*Greg Wilson – Appointed to the Board as Board Chair on 18 February 2020

\*\*\*\*\*Casey Nunn – Appointed to Board 18 February 2020

\*\*\*\*\*Martin Geerings – Appointed to Board 18 February 2020

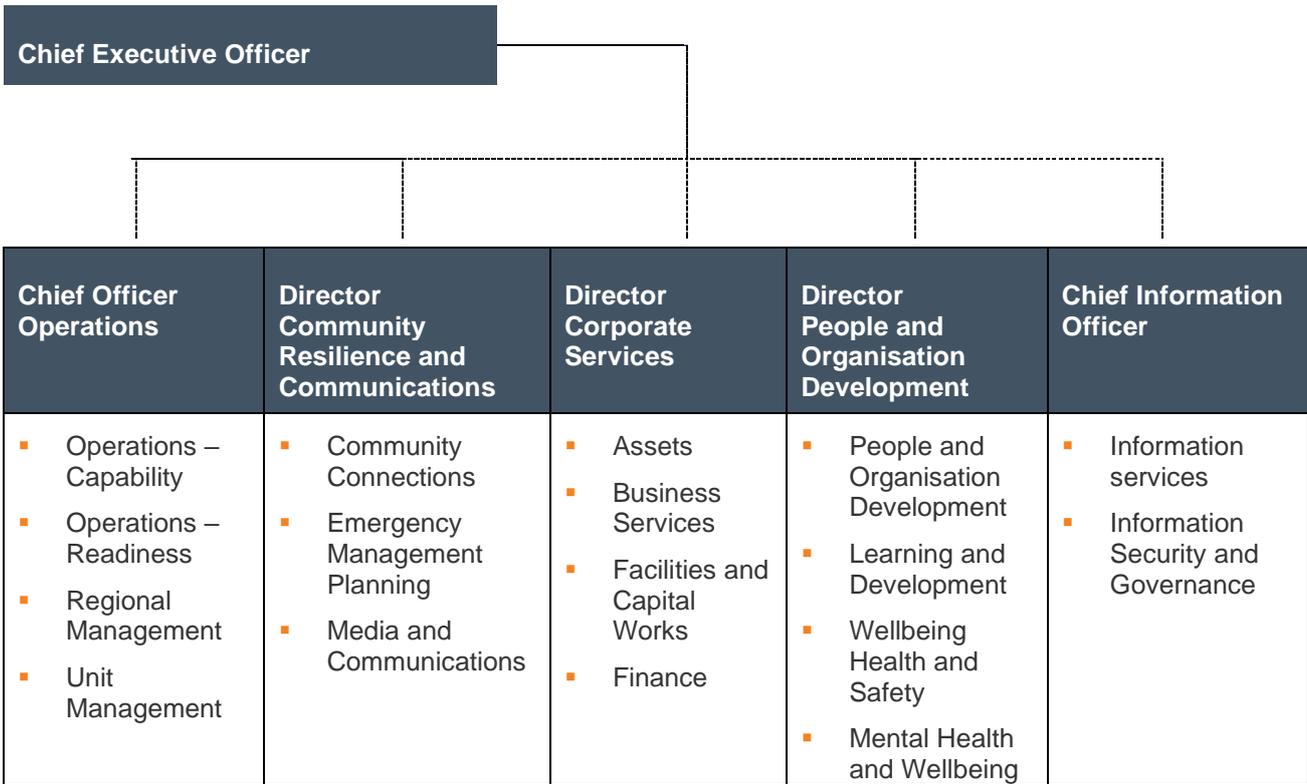
## Organisational charts

### Ministerial reporting

#### Minister for Police and Emergency Services

- EMV (sector wide coordination)
- CFA
- CFA Appeals Commission
- Metropolitan Fire and Emergency Services Board
- Metropolitan Fire and Emergency Services Board Appeals Commission
- State Crisis and Resilience Council (multi-agency)
- VICSES

**VICSES structure**



**Governing policies**

**Freedom of Information**

VICSES is subject to the *Freedom of Information Act 1982*. During the 2019 - 2020 financial period, VICSES received 23 Freedom of Information (FOI) applications. In keeping with the spirit of the *Freedom of Information Act 1982*, VICSES endeavours, where possible, to satisfy requests for information outside of the FOI process. Further information about VICSES’ FOI obligations, including VICSES’ Part II Statements, can be found at [www.ses.vic.gov.au/foi-home](http://www.ses.vic.gov.au/foi-home).

**Privacy**

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

**Surveillance**

Following the publication of VAGO’s *Security and Privacy of Surveillance Technologies in Public Places Report* from 2018, considerable effort has been undertaken by VICSES Information Services (IS) to develop, communicate, manage and maintain an appropriate and effective policy response so that the organisation meets its obligations under the *Surveillance Devices Act 1999 (Vic)* and the *Privacy & Data Protection Act 2014 (Vic)*. This is now a well-defined, ongoing responsibility that IS oversees and requires ongoing advice, assistance and training as well as management of the process for receiving, approving and reporting surveillance requests and breaches.

**DataVic Access Policy**

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

## **Gifts, Benefits and Hospitality**

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

## **Protected Disclosure**

VICSES encourages the reporting 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 Manager, Information Security & Governance.

## **Local Jobs First – Victorian Industry Participation Policy**

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

There were no procurement activities that were required to comply with the Local Jobs First - VIPP category for the 2019 - 2020 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 2019-20 financial year.

## **National Competition Policy**

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

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

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

VICSES continues to comply with the requirements of the NCP.

## **Compliance with the *Carers Recognition Act 2012***

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

## ***Project Development and Construction Management Act 1994***

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

design and construction practices, tendering processes, project delivery and contract administration. VICSES continues to carry out facilities upgrades and maintenance of its occupied buildings through a program of works in accordance with regulatory requirements. Any possible non-compliance issues are also remedied through a program of works in accordance with regulatory requirements.

### ***Building Act 1993***

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

### **Financial Management Compliance Attestation Statement**

I, Greg Wilson, on behalf of the Victoria State Emergency Service, certify that the Victoria State Emergency Service has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994 and Instructions*.

A handwritten signature in blue ink, appearing to read 'G. Wilson', is positioned above the printed name and title.

Greg Wilson  
**Board Chair**

Melbourne, 15 September 2020

## Consultancies

Consultant	Service	Fees Approved \$	Amount Expended 2019-20 \$	Future Commit- ments \$
<b>Over \$10,000</b>				
ABMARC	Nissan Patrol assessment	30,400	30,400	0
ABMARC	Fleet research and development structure	66,000	66,000	0
Arc Blue	Procurement strategy	59,968	53,188	6,780
Arcord	Information management security framework	10,200	10,200	0
Cube Management Solutions	Market strategy - Vehicle maintenance	12,377	12,377	0
Deliberate Practice	Organisation structure review	12,190	12,190	0
Five Consulting	Volunteer and asset sustainability	32,400	32,400	0
Granulis	OCEP contract management framework	24,820	24,820	0
Ideas Advisory	ERC business case	130,800	130,800	0
Integrate Communications	Volunteer Unit strategic business context	18,780	18,780	0
Katrina Murphy Industrial Relations	EBA negotiation facilitation	100,000	8,375	91,625
KPMG	ERP way forward	38,000	38,000	0
Omnisystems Engineering Consultants	Development of security solution tender	18,915	18,915	0
<b>Total</b>		<b>\$554,850</b>	<b>\$456,445</b>	<b>\$98,405</b>

Consultant	Service	Fees Approved \$	Amount Expended 2019-20 \$	Future Commitments \$
<b>Under \$10,000</b>				
8 consultants		\$ 55,734	\$ 55,734	\$ -
<b>Total</b>		<b>\$ 55,734</b>	<b>\$ 55,734</b>	<b>\$ -</b>

## Information Communication Technology expenditure

Business as Usual ICT Expenditure Total \$m	Non BAU Total A + B \$m	Non BAU Operational A \$m	Non BAU Capital B \$m
<b>3.737</b>	<b>1.13</b>	<b>1.13</b>	<b>0.00</b>

# Key performance measures

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

**Quantity:** The number of members (volunteers and staff).

**Quality:** The number of units and personnel trained and accredited for road rescue and Level 3 Incident Controller.

**Timeliness:** The time it takes units to respond to road rescues.

## Key performance measures of VICSES

Major outputs, deliverables and / or performance measures		Unit of Measure	June YTD		
			Target	Actual	% Variation
<b>Quantity</b>					
1	Permanent operational staff	number	83	84	1%
2	Permanent support staff	number	120	120	0%
3	Volunteers - operational	number	3,559	3,563	1%
4	Volunteers – support*	number	904	944	4%
<b>Quality</b>					
5	Road crash rescue accredited brigades/units	number	103	103	0%
6	Level 3 Incident Controller trained staff and volunteers**	number	17	10	-41%
7	Multi agency joint procurements of systems or equipment	number	0	0	0%
<b>Timeliness - Road Accident Rescue</b>					
8	Emergency response times meeting benchmarks	per cent	90%	90%	0%
9	Emergency response times meeting benchmarks	number	N/A	795	
10	Total number of emergency responses	number	N/A	888	

\* Many of last season's probationary members have transitioned to operational status

\*\*The reason for reducing to 10 and rebuilding to 17 over the next three years is:

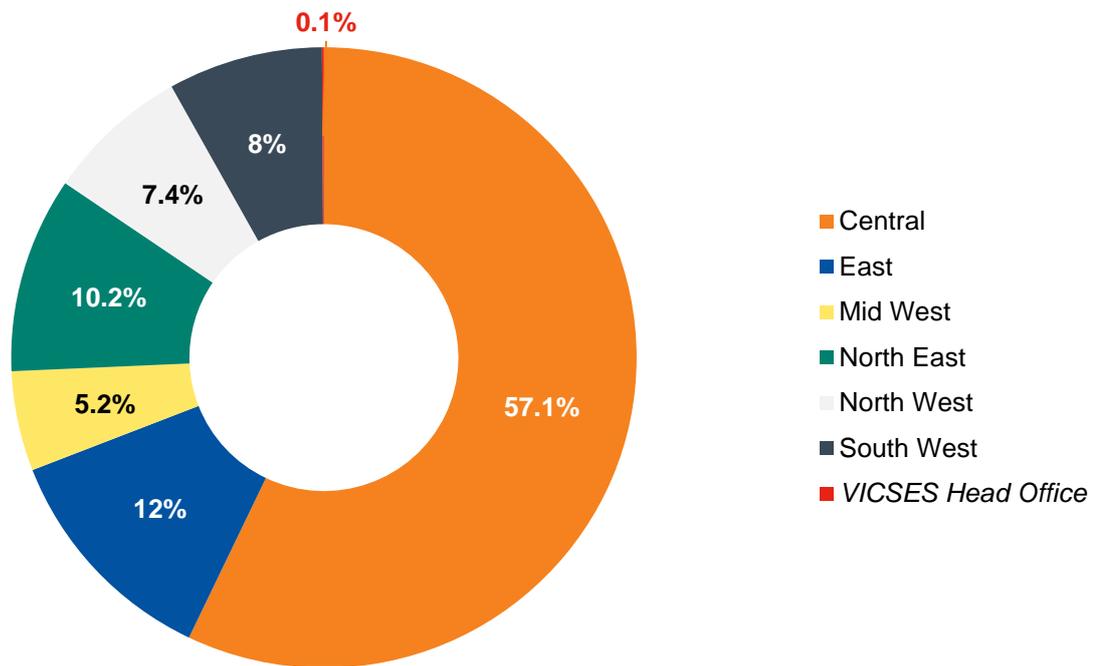
- There has been several changes in personnel (resignations, moves to other agencies), along with extended vacancies in Gippsland, South West and North West.
- One staff member that is currently L3 IC is expected to retire next calendar year.
- It takes at least 2-3 years to develop the required skills and depth of experience to be ready to present for multi-agency panel accreditation as a Level 3 Incident Controller (need to become Operations Officer/Planning Officer first, then Level 2 IC, then experience with L3 IC).

# Operations overview

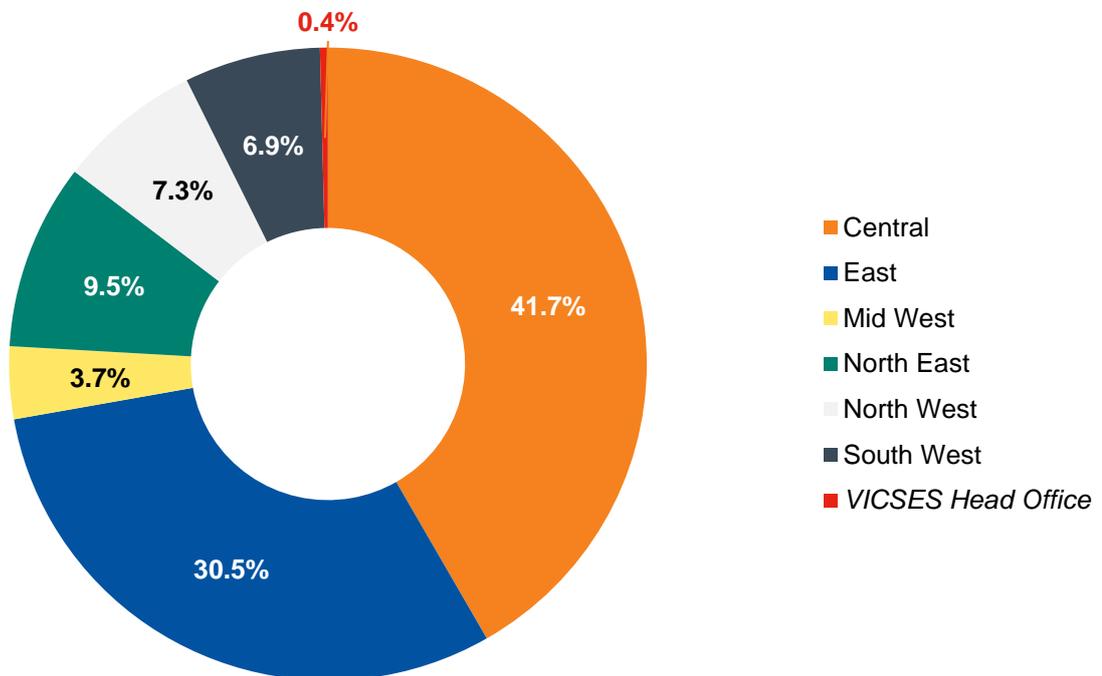
## Regional statistics

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

2019 - 2020 Incidents by region (per cent)



2019 - 2020 Hours by region (per cent)



## 2019 - 2020 Incidents/Hours

Region	Authorised Activity	Control Agency			Rescue			Support Other	Total
	Non-Ops	Flood	Storm	T L E <sup>3</sup>	Rescue Other	Rescue RAIR	Rescue Road	Assist Agency	
Central	411	1,454	14,953	48	423	17	406	1,555	19,267
	16,762	7,482	98,610	334	1,049	128	2,510	32,432	159,307
East	183	198	2,655	19	64	6	178	734	4,037
	17,946	1,449	11,021	432	430	47	1,808	83,585	116,718
Mid West	30	70	1,341	8	34	1	74	188	1,746
	1,250	322	8,163	31	182	7	929	3,350	14,234
North East	155	164	2,401	10	68	16	212	447	3,473
	5,503	760	11,985	30	999	807	2,775	13,302	36,161
North West	117	146	1,682	3	54	8	177	295	2,482
	5,528	604	7,222	10	245	92	1,875	12,173	27,749
South West	107	107	1,877	9	70	10	214	299	2,693
	3,667	884	13,253	143	307	72	2,265	5,895	26,486
VHO	1	0	17	0	1	0	0	25	44
	735	0	494	0	14	0	0	243	1,486
Total	1,004	2,139	24,926	97	714	58	1,261	3,543	33,742
	51,391	11,501	150,748	980	3,226	1,153	12,162	150,980	382,141

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

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

### Operational terms / category descriptions:

- **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. Further information as follows:
  - Response to Storm and Flood is the bulk (approx. 80 per cent) of VICSES response activity.
  - T L E shows our preparation and response to damage caused or threatened by more extreme but less frequent natural events - Tsunami, Landslide and Earthquake.
- **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 (or authorised member).
- **Authorised activity (non-ops tasks):** The authorised agency term relates to our reported community engagement, including public relations, fundraising and works with the Driver Reviver program.
- **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.
- **Rescue:** includes our control agency and key support for different types and levels of rescues:
  - **Rescue Other** - includes both domestic and technical rescues such as swift water and high angle (rope) rescues.
  - **Rescue RAIR** - a distinct type of technical rescue is that of Road, Air, Industrial and Rail. Road rescue is listed as a separate figure.
  - **Rescue Road** - VICSES provides the largest road rescue network in Australia, with 103 accredited road crash rescue provider units in Victoria
- **Support other agency:** covers our assistance to other government agencies, primarily Police, Fire and Ambulance.

# Operations of significance

## Overview

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

In 2019-20, VICSES members responded to **33,742** calls for assistance, the second highest number on record, of which 80 per cent related to flood and storm.

VICSES also participated in **42** declared operations, through which members contributed **13,056** hours spent across **392** days (equivalent).

The 2019-20 financial year saw a substantial increase in demand for VICSES, with the service recording its second busiest year on record. East region recorded its busiest year on record as well as the North East region recording its second busiest year. In addition to our own hazards, VICSES has played a significant role supporting interstate deployments for NSW and Queensland fires in September through to November, and then closer to home during the 2019-20 Summer Season.

The conclusion of the summer season quickly saw a change in the way VICSES worked with the impacts of COVID-19 being experienced across the state. VICSES for the remainder of the financial year played a key role in supporting community and other agencies in the response to Victoria's response to the COVID-19 pandemic.

## Significant operations

### **29 - 30 June 2019 - Severe Weather (South West, North West and North East regions)**

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

VICSES received 758 RFAs across the Saturday and Sunday, predominantly for fallen trees causing traffic hazards, in addition to building damage. In association with the building damage events, there were a number of relocations across South West, North West and North East regions supported by the relevant Municipal Recovery Manager and the Department of Health and Human Services (DHHS). During the peak of the event, up to 15,000 households were without power, restored within 24 hours.

### **11 July 2019 - Bus collision with truck (Midwest Region)**

Bus collision with truck – Western Highway, Pimpinio. Three VICSES units, as well as a staff member, were deployed to a passenger bus that collided with the rear of a B-double Truck on Western Highway at Pimpinio, North West of Horsham. VICSES members assisted with the disembarking and casualty handling of those on board the bus as well as the extrication of the deceased bus driver.

### **8 – 9 August 2019 - Bass Strait Low (South West, Central, East Regions)**

VICSES received notification from the BoM that a weather system was developing that would see strong winds impacting Victoria from the west on Thursday 8 August 2019. A second more intense low-pressure system was predicted to move into the state Thursday night into Friday.

Peak wind gusts were predicted to reach up to 110 km/h about southern parts of the South West and Central districts, including the south eastern suburbs of Melbourne and the Mornington Peninsula, and the west Gippsland coast with the winds expected to affect the Melbourne area between 5am and 9am Friday. The event saw over 850 RFAs and resulted in widespread damage mainly to cars and buildings as a result of fallen trees. In Fernshaw, Marysville and Kinglake Units, along with a staff member, responded to a complex road crash rescue as a result of a large tree that had fallen onto the vehicle as it was travelling through the Black Spur (Maroondah Highway) with four patients extensively trapped by the tree on top of the vehicle.

### **9 – 13 September 2019 - Thompson Dam Search (East Region)**

VICSES were requested by Victoria Police to assist with a Land Search in the Thompson Dam area for two persons who were missing for a number of days. Nine (9) Units attended from both Gippsland and metropolitan Melbourne, with much of the search being conducted by 4WD. The missing persons were subsequently located in a vehicle down an embankment. VICSES, together with specialist Victoria Police members assisted with the extrication in difficult terrain.

#### **14 – 15 September 2019 - Bunyip Search (Central Region)**

VICSES was requested to assist Victoria Police with a missing person in and around the Bunyip area. Approximately 30 VICSES members (from 10 units) assisted in the search as well the Field Operations Vehicle. Due to the large identified search area, VICSES was tasked with searching of 4WD tracks. The female was located deceased and VICSES subsequently provided crime scene preservation. Victoria Police provided VICSES with its appreciation for the professionalism and capability offered for this search.

#### **Operational Activity – Summer Season**

The start of the summer season commenced officially on 21 November 2019. This saw a state-wide total fire ban declared, as well as a code red determination for the Mallee and Northern Districts. This was significant considering it was the first time a code red had been declared in 10 years. The day saw over 150 new fires start, largely through dry lightning strikes across the Alpine/North East areas and Gippsland regions. Also on 21 November, VICSES receiving 2,042 requests for assistance, primarily for fallen trees and building damage. The storms also caused power outages, with a peak of approximately 130,000 households without power.

By 20 December 2019, another state-wide total fire ban was declared and with existing fires already burning in the landscape, over 110 new fires were recorded. Temperatures peaked in Hopetoun and Horsham at 47.9°. 29 December saw storms and lightning bring numerous ignitions in the North East, including the Upper Murray - Walwa fire which subsequently merged with the NSW fires.

On 30 December, a total fire ban was declared. With 260 additional fires started, and by this stage with the threat of fires in the Gippsland and North East communities, 5,500 people presented at relief centres and community assembly areas (4,000 of these on the Foreshore of Mallacoota).

On 2 January 2020, a *State of Disaster* was declared for parts of Victoria for the next seven days. 4 January 2020 brought severe fire weather, which significantly increased the size of the fires. By 6 January 2020, US and Canadian firefighters were assisting with the efforts, as well as the Australia Defence Force.

On 9 January 2020, the *State of Disaster* was extended for an additional 48 hours and ended on 11 January 2020. Planning for a phased approach for the return of community members to Mallacoota continued during January, with three identified groups:

- **Phase 1** – Family reunification
- **Phase 2** – Residential return
- **Phase 3** – Visitor return

An operational plan was developed and approved by the State Relief Coordinator and Deputy Emergency Management Commissioner to outline the process for community return to Mallacoota and surrounds.

Planning for the return of community members to Mallacoota was managed by the Orbost Incident Control Centre in consultation with the Mallacoota Divisional Command, Emergency Management Team (EMT), the Regional Control Centre, Bairnsdale Incident Police Operations Centre (IPOC) and the State Control Centre. Significant resources, both from staff and volunteers, played integral roles in supporting the response to the fires.

VICSES provided the following roles on constant rotations for both day and night shifts to support the ongoing operations:

- |  |                                 |   |
|--|---------------------------------|---|
| ▪ Incident Controller                              | ▪ Logistics Officer             | ▪ Intelligence Officer                    |
| ▪ Deputy Incident Controller                       | ▪ Public Information Officer    | ▪ Aircraft Officer                        |
| ▪ Incident Agency<br>Commander Planning<br>Officer | ▪ Safety Officer                | ▪ Base Camp Manager                       |
| ▪ Operations Officer                               | ▪ Executive Officer             | ▪ Warnings and Advice                     |
|  | ▪ Management Support<br>Officer | ▪ Emergency Management<br>Liaison Officer |

- Staging Area Manager
- Media Escort
- Ground Support
- Regional Agency Controller
- State Agency Commander
- State Response Controller

The magnitude and significance of the fires has also seen VICSES lead innovative ways in addressing identified capability gaps. For example, this year for the first time, a multi-agency road crash rescue support group was established. The group consisted of VICSES volunteers, CFA and MFB manning a helicopter, which was deployed into fire affected areas for road crash rescues. With many areas primarily inaccessible by road assistance, the air rescue support enabled an on call crew to utilise a dedicated helicopter, to respond to requests for assistance which would not be possible via road.

### **19 January 2020 - Hail Storm Event (Central)**

Severe and dangerous thunderstorms brought heavy rainfall, resulting in flash flooding and golf ball sized hail, resulting in significant impact across metropolitan Melbourne. Suburbs worst affected included Glen Iris, Malvern East, Warrandyte, Templestowe and Camberwell. The majority of the impacts resulted in damage to sky lights and structures. The Malvern Unit received in excess of 1,000 requests for assistance, with the Manningham unit receiving over 470 requests for assistance. An incident control centre was established with SES, CFA and MFB contributing to incident management team positions. Crews from Mid West and South West also deployed to assist Central region units. The MFB also provided a number of resources for multiple days supporting the volunteers with some of the more complex dwellings.

### **1 February 2020 - ACT Deployment**

On 1 February, VICSES received a request from the AFAC National Resource Sharing Centre to support the ACT SES to provide RCR capability in remote areas of the Fire Ground. This was a significant step given the ACT SES does not provide road crash rescue. As a result of these requests, six volunteers, one staff member, one Medium 4x4 Rescue and one 4WD ute were deployed on Saturday 1st February 2020 for one rotation.

### **20 February 2020 - Wallan Train Derailment (North East)**

On 20 February 2020, a Sydney to Melbourne passenger train derailed near Wallan. Two of the train's crew members were killed and twelve passengers injured. VICSES was the principle rescue provider with three SES rescues Units with multiple vehicles being deployed, along with one of our Units that host one of three Mass Casualty resources, as well as a number of lighting towers used for scene lighting. The volunteers were supported by two command staff from Central region.

### **April 2020 Storms**

Victoria had its wettest April since 1960 and its wettest start to the year since 1911, as unseasonably low temperatures brought snow to the state's ski resorts. More rain fell in the first four months of the year, than in the whole of last year.

### **3-5 April - Storms (State-wide)**

On 3 April, VICSES received the first of several severe thunderstorm warnings for damaging winds, large hailstones, heavy rainfall and warnings of flash flooding.

The total incidents attended state-wide were 1,130:

- Central attended 660 incidents
- East attended 171 incidents
- North West attended 92 incidents
- North East attended 85 incidents
- South West attended 62 incidents
- Mid West attended 60 incidents

The event types attended mainly comprised of:

- Tree down/traffic hazard - 421 incidents attended
- Building damage - 215 incidents attended
- Flood related - 187 incidents attended

During this period, 73 of 149 VICSES units engaged in assisting the community.

### **11 April 2020 - Severe Weather (State-wide)**

The total incidents attended state-wide were 650:

- Central attended 376 incidents
- East attended 203 incidents
- North West attended 27 incidents
- North East attended 19 incidents
- South West attended 14 incidents
- Mid West attended 11 incidents

The event types attended mainly comprised of:

- Tree down/traffic hazard - 486 incidents attended
- Building damage - 71 incidents attended

During this period, 49 of 149 VICSES units engaged in assisting the community.

### **29 April – 2 May 2020 - Storms (Central, North East, East Regions)**

Initial flood watches were issued for parts of the North East, Central Victoria and Gippsland.

The total incidents attended state-wide were 883:

- Central attended 490 incidents
- North East attended 179 incidents
- East attended 127 incidents
- South West attended 35 incidents
- North West attended 26 incidents
- Mid West attended 26 incidents

The event types attended mainly comprised of:

- Tree down/traffic hazard - 438 incidents attended
- Building damage - 161 incidents attended
- Flood related - 103 incidents attended

During this period, 63 of 149 VICSES units engaged in assisting the community.

### **20 May 2020 - Tornado in Waurin Ponds/Armstrong Creek (South West Region)**

In the early hours of Wednesday 20 May, an intense storm hit the Geelong region which was later confirmed by the Bureau of Meteorology to be a Tornado.

A total of 190 requests for assistance were received with reports of missing roof tiles, collapsed ceilings and garage doors torn off. There were also a number of trees over roads and damage to cars and properties as a result of flying debris (roof tiles, trampolines and council bins).

Six (6) properties were deemed uninhabitable, with dozens more significantly damaged. 50 VICSES volunteers from 21 different units from across the state, along with the assistance of CFA worked to clear all requests for assistance by nightfall on Thursday 21 May. VICSES also requested MFB to deploy their remotely piloted aircraft (drones) to undertake impact assessments which identified 20-30 unreported properties with damage. The event generated significant media attention, further highlighting our volunteers for Wear Orange Wednesday (WOW day), which coincided with the event.

### **8 - 10 June 2020 - Mt Disappointment Search (Central region)**

On 8 June 2020, VICSES crews were tasked by Victoria Police to assist with the search of a missing 14 year old male with autism in the Mt Disappointment area.

The search effort ran for nearly three days, with approx. 1,000 people from various agencies and spontaneous volunteers involved (approx. 450 each day).

Agencies involved included:

- Victoria Police (control agency)
- VICSES

- CFA
- Ambulance Victoria
- Parks Victoria
- Bush Search and Rescue

Approximately 160 volunteers and staff from VICSES Central and North East Regions assisting with the search, in addition to deployed resource support including a mobile command vehicle and portable radio repeater unit. At lunchtime on Wednesday 10<sup>th</sup> June, the missing person was found safe and well by a local community member and reunited with his family.

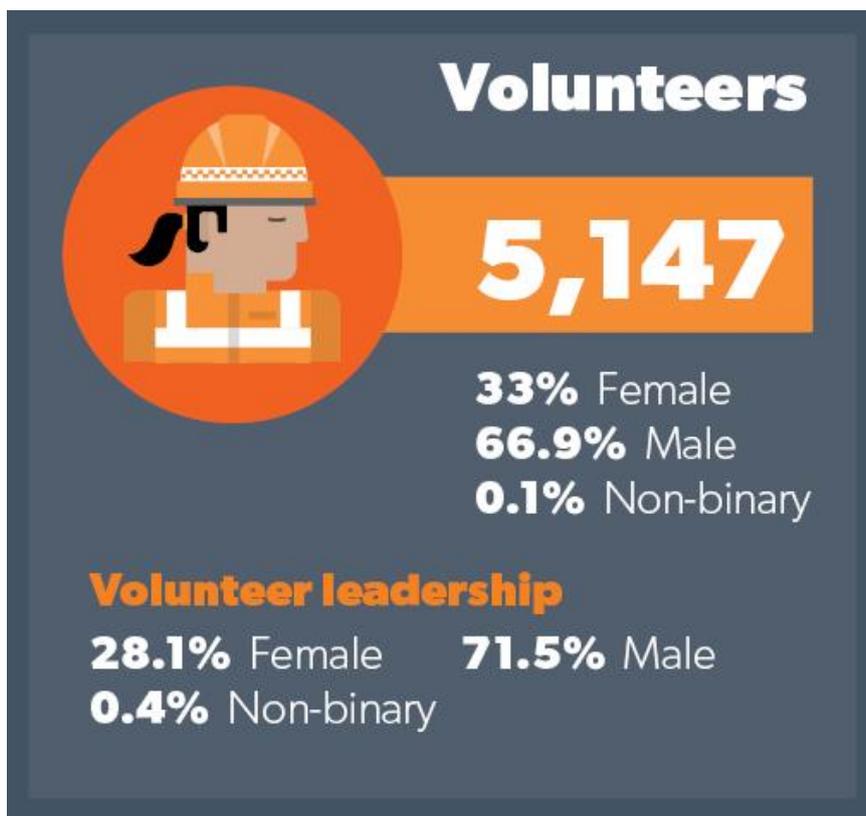
# Our people

## Volunteers

Our volunteers are the backbone of VICSES, serving the Victorian community 24 hours a day, 7 days a week, 365 days a year for more than 40 years. All of our volunteers are well equipped and trained comprehensively in a wide range of skills to provide on-the-ground support during emergencies - from responding to natural disasters such as flood, storm, earthquake, tsunami, and landslide, to road rescue, supporting other emergency service organisations, and assisting their units by undertaking roles such as finance, media, incident management and community education.

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

As of June 2020, VICSES comprised of more than 5,000<sup>4</sup> volunteers.



<sup>4</sup> Includes active and non-active.

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

#### Breakdown of active volunteers

Operational	Female	Male	Other	Total
Controller	33	120	0	153
Deputy Controller	109	242	2	353
Unit Officer	148	292	0	440
Member Ordinary	769	1,886	1	2,656
<b>Subtotal</b>	<b>1,059</b>	<b>2,540</b>	<b>3</b>	<b>3,602</b>
Non-operational	Female	Male	Other	Total
Associate	183	138	0	321
Junior	33	66	0	99
Probationary	177	279	0	456
<b>Subtotal</b>	<b>393</b>	<b>483</b>	<b>0</b>	<b>876</b>
<b>Total Active</b>	<b>1,452</b>	<b>3,023</b>	<b>3</b>	<b>4,478</b>

#### Breakdown of non-active<sup>5</sup> volunteers

Non-Active	Female	Male	Other	Total
Non-Active	116	223	0	339
Vol On Leave	132	197	1	330
<b>Total Non-Active</b>	<b>248</b>	<b>420</b>	<b>1</b>	<b>669</b>

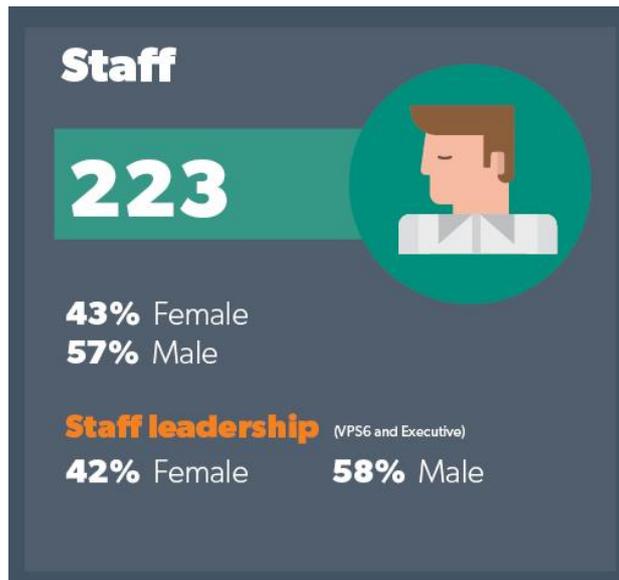
<sup>5</sup> Not currently on roster.

## Staff

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

In 2019, we added another office location in Mildura, giving us 14 strategically located offices throughout the state to support over 5,000<sup>6</sup> volunteers and provide units with access to vital equipment, training, and other support resources, ensuring all staff and volunteers are able to effectively serve their local communities. Each office supports a variety of state-wide initiatives, including the delivery of workshops and training, emergency management planning and development, and community resilience activities.

As of June 2020, the VICSES workforce comprised 154 ongoing employees and 69 fixed-term and casual staff, equalling 223 staff in total.



A breakdown of our staff member count is as follows:

		June 2020		June 2019	
		Headcount	FTE	Headcount	FTE
Ongoing	Full time	147	147	154	154
	Part time	7	4.2	4	2.73
<b>Total</b>		<b>154</b>	<b>151.2</b>	<b>158</b>	<b>156.73</b>
Casual / Fixed Term		69	54	67	52.12
<b>Total</b>		<b>223</b>	<b>205.2</b>	<b>225</b>	<b>208.85</b>

<sup>6</sup> Includes active and non-active volunteers.

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

		June 2020			June 2019		
		Ongoing employees		Fixed term and casual employees	Ongoing employees		Fixed term and casual employees
		Total	FTE	FTE	Total	FTE	FTE
Gender	Male	90.0	89.8	27.6	98	97.80	27.03
	Female	64.0	61.4	26.3	60	58.93	25.09
<b>Total</b>		<b>154.0</b>	<b>151.2</b>	<b>54.0</b>	<b>158</b>	<b>156.73</b>	<b>52.12</b>
Age	Under 25	-	-	2.1	2	2	1
	25-34	21.0	20.6	14.4	25	24.80	7.67
	35-44	38.0	36.2	19.0	39	38.33	20.20
	45-54	44.0	43.4	8.8	43	42.60	12.19
	55-64	42.0	42.0	7.7	43	43	7.34
	65 and over	9.0	9.0	2.0	6	6	3.72
<b>Total</b>		<b>154.0</b>	<b>151.2</b>	<b>54.0</b>	<b>158</b>	<b>156.73</b>	<b>52.12</b>
Classification	VPS 1	-	-	-	0	0	0
	VPS 2	13.0	12.4	6.2	12	12	8.04
	VPS 3	28.0	27.8	19.2	34	34	18.37
	VPS 4	59.0	57.9	18.4	53	52.40	15.31
	VPS 5	33.0	32.1	7.1	38	37.33	8.40
	VPS 6	15.0	15.0	1.0	15	15	2
	Executive	6.0	6.0	2.0	6	6	0
	Other	-	-	-	0	0	0
<b>Total</b>		<b>154.0</b>	<b>151.2</b>	<b>54.0</b>	<b>158</b>	<b>156.73</b>	<b>52.12</b>

# Our business

## People and Organisation Development

VICSES developed several projects during the 2019-20 financial year to maximise volunteer abilities and capacities while representing VICSES. These included:

- The increase in programs and opportunities through the online training portal for both volunteers and staff. The training portal became an important tool in knowledge transfer during the COVID-19 pandemic, providing training on *Looking after Yourself during COVID-19*, *Responding during COVID-19* and *Working Remotely* (aimed at staff).
- The launch of the Organisational Structure redesign and the consultation process, which included 30 consultation sessions provided for volunteers and staff.
- The launch of the *Vacancies* page on the Hub, providing all volunteers and staff opportunities for employment within VICSES.
- Development of the *Child Safety* training program on the training portal. This is continuation to the commitment of VICSES on Child Safety.

## Learning and Development

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

Throughout 2019-20, VICSES members engaged in a wide variety of learning opportunities, with more than 112 training programs now available to VICSES members. VICSES issued 23,279 skills/competencies for the successful completion of a training event, of which 6,659 align to a nationally accredited training outcome. The most popular training programs during the financial year by attendance:

Course	Attendance
Child Safety at VICSES	2,085
Responding During Coronavirus	1,671
Landslide Awareness	1,126
Respect & Equity at VICSES	1,064
Tree Hazard Awareness	995
Starting Point	945
First Aid Course	917
Carbon Monoxide Awareness	897
Maintain Safety at Fire Support Operations	897

## Wellbeing, health and safety

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

### State-wide wellbeing health and safety report

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Number of incidents and hazards	314	355	262	304	354	369
Hazard reporting rate*	2.36	2.58	1.28	1.76	1.93	1.91
Incident reporting rate*	4.99	4.93	4.31	4.76	5.48	5.92
Number of standard claims	29	20	27	22	13	29
Number of lost time claims	18	15	21	20	7	26
Average cost per standard claim**	\$1842.00	\$14,481.00	\$3,786.00	\$16,838.87	\$3,812.23	\$15,406.35
Average cost per standard mental injury claim **	Data not collected for this period				\$36,726.36 ***	\$55,157.97
Claims reporting rate	0.42	0.31	0.445	0.43	0.15	0.48
Mental injury claims* reporting rate	Data not collected for this period				0.04	0.1
Fatality claims	0	0	0	0	0	0

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

\*\*Calculated on Actual Cost.

\*\*\* 2018-19 average cost per standard mental injury claim incorrectly listed. Revised for 2019-20 report.

## Safety initiatives and continuous improvement

### Wellbeing, Health and Safety (WHS) Risk Management Strategy

A significant focus of 2019 -20 has been the development and implementation of a new approach to the VICSES WHS Risk Management Strategy. VICSES has introduced a new Job Safety Planning (JSP) process, designed to provide an organisation wide framework to mitigate risks and developing planning tools such as:

- Safe Work Procedures (SWP) – which sets out step by step instructions on how to perform a job safely.
- Safe Operating Instructions (SOI) – which provide instructions on how to operate specific equipment safely.

The aim was to provide a single risk management approach across the VICSES.

Many divisions across VICSES have participated in the development of the JSP, SOI's and SWP's. Job Safety Planning has tentatively been incorporated in activities such as training, authorised activities, community engagement, tree operations, vehicle and equipment induction training and driver safety.

Phase one of project has been completed - piloting JSP concepts across three focus areas: Tree operations, authorised activities and training.

Assets have commenced equipment risks assessments, the development of SOI's and the filming of induction training videos. Thirteen Risk Assessments have been completed to date and one SOI is active.

Volunteer and staff meetings were held to develop SWP's related to authorised activities in which six SWP's were developed.

Phase two of the project had commenced, with a project Manager engaged and a Project Control Group (PCG) formed. The project is currently on hold, with a possible return in late August 2020. The status of the project is:

- PCG to agree on a common format for the JSP Part one and Part two documents and applying it to the pilot projects.
- PCG is working towards getting the JSP process embedded into crew member training.

### **WHS communication and consultation**

A key focus for VICSES in 2019-20 has been to improve the overall governance of the WHS Committees and WHS Activity Planning. The aim has been to drive better communication and consultation of WHS activities via the state and regional WHS committees by:

- promoting appropriate representation from all Units and Regions
- greater level of documentation control
- up to date information available on the Hub

## **Health and wellbeing**

### **Volunteer workers compensation**

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

### **VICSES health and wellbeing strategy**

This year, the Victorian Government funded “Valuing Volunteers Program” was continued. VICSES’ primary aim of this program is to establish health and wellbeing programs that are inclusive, accessible and provide members with education and tools to make positive health choices to maximise their health and wellbeing and reduce their health risk factors.

The pillars of the VICSES health and wellbeing strategy are:

- Body fit
- Mind fit
- chronic disease prevention

Our programs focus on raising both physical and mental health awareness through lifestyle factors such as nutrition, exercise, managing stress, sleep, and behavioural change to make healthy lifestyle choices.

Key achievements of VICSES health and wellbeing programs throughout 2019-20:

#### **Healthwatch:**

- Healthwatch is a free program for VICSES members which includes confidential health checks and group information sessions providing content on some of the most important health issues we face.
- 54 units (691 members) participated in Healthwatch visits and health checks.
- An online Healthwatch@Home program was developed to provide health and wellbeing support to members during COVID, with over 130 members involved.
- 99 per cent of units have now received a visit from the Healthwatch team since the program begun.

#### **Chronic disease prevention:**

- Four education sessions have now been adopted by VICSES units:
  - Functional Movement

- Sleep and Mindfulness
- Back and Joint Health
- Nutrition
- In 2019-20, **72 per cent** of Healthwatch visits delivered a health and wellbeing topic requested by the unit. This was increase from **51 per cent** in 2018-19.

### Wellbeing initiatives:

Health and wellbeing initiatives this year:

- Parkrun
- Step it up
- Movember
- Stadium Stomp (virtual)
- Febfast
- Diabetes Life! Webinar
- Men's Health information evening
- Emergency Services Blood Challenge
- RUOK Day
- 30-day squat challenge
- Self-care during deployment, mindfulness, and stretching/exercise videos
- Body fit six-week challenge

### Featured initiatives:

#### Body fit six-week challenge:

- Members participated in three 6-week challenges this year (with the planned fourth challenge being postponed due to COVID-19).
- 170 members participated of which 40 per cent submitted feedback. 98 per cent of members experienced increase in energy and 87 per cent achieved or partially achieved their established goals.
- Members achieved an average weight loss of 2.6kg and a 2.3cm reduction in waist circumference.

#### Step it up:

- 2019-20 saw VICSES' highest engagement to date, with 59 teams and 671 members participating (24 per cent increase from 2018-19).
- 181 million steps were recorded which equated to an increase of 21 per cent from 2018-19.
- Social media interaction increased by 31 per cent with 5,000 comments on the [VICSES Health and wellbeing Facebook page](#).

### Social engagement:

- The [VICSES Health and wellbeing Facebook page](#) has over 800 members (an increase of 31 per cent from last year).

## Mental health and wellbeing

VICSES is committed to providing a broad range of services, training, resources and support tools to promote the mental health and wellbeing of all members. Services available to members and their immediate family include:

- Internal and external confidential mental health professionals
- 24 hour access to a Mental Health Duty Officer for telephone support
- Peer Support program - a network of specially trained VICSES members, including additional support following bushfire deployments and during the pandemic to support members impacted by social isolation.

VICSES also delivered information and education sessions including the induction package, Mental Health Awareness Training and relevant resources during the pandemic, *Looking After you during COVID-19*. These programs form an important layer of protection, by supporting members to identify early signs and seek early treatment.

In 2020, Mental Health and Wellbeing framework was developed, which focuses on three key areas of mental health: protection, promotion and response. The framework demonstrates the articulation of a shared responsibility for mental health, with the aim to encourage a culture and attitude of help seeking, self-monitoring and reduction in stigma. In May 2020, the Executive Management Team endorsed the framework for consultation with members.

VICSES also contributed to the State Wellbeing Coordinator role at the State Control Centre during the 2019 Victorian bushfires. This role was integral in ensuring appropriate and co-ordinated supports were available for all emergency services during this time.

VICSES continues to collaborate with other emergency service agencies and peak bodies to improve knowledge and share resources across the sector. These partners include the Emergency Services Foundation, Australasian Fire and Emergency Services Authorities Council (AFAC), Beyond Blue, and Phoenix Australia.

### Peer Support

The VICSES Peer Support Program is made up of 61 active Peer Support Officers and Chaplains from various roles, positions and locations across the state. Peers are selected and trained to support their fellow VICSES members who may be experiencing work-related or personal issues. Peers are also involved in providing support following critical incidents and in the delivery of mental health education sessions. During 2019-20 a total of 1,116 contacts were provided by Peer support, as well as delivering *pre-incident awareness training* to 41 Units.

VICSES acknowledged the dedication of Peer, Seb La Spina, who received the Peter Rabone Memorial Shield for excelling in supporting members following critical incidents and promoting mental health and wellbeing through training sessions.

# Our relationships

VICSES looks to have effective partnerships through which we can collaborate and facilitate inclusive participation to enable community-led activities and solutions. Our programs and service delivery with others is integrated and community centred. As such, our partnerships are more than simply an exchange of goods, services, financial or in-kind support. Our collaborations span across the emergency services sector, government and private businesses. Together, we can look to achieve what would not be possible if we operate in silos. Together, we can look to achieve safer communities and communities that are more resilient.

## Government and Emergency Services

### Emergency Management Victoria (EMV)

There is a strong relationship between VICSES and EMV. EMV supports the Emergency Management Commissioner, who has overall responsibility for coordination before, during and after major emergencies including management of consequences of an emergency. VICSES works closely with EMV and shares responsibility, along with a number of other agencies, on a range of emergency management functions and initiatives.

VICSES actively contributes to the State Control Centre as well as a number of sector wide initiatives and multi-agency training programs coordinated by EMV. Some examples include the Supplementary Alerting System (SAS) of which is coordinated by EMV being developed for use by VICSES and other first responders, and the VicEmergency Platforms, which are hosted by EMV yet the warning templates and business rules for VICSES hazards are managed by VICSES.

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

The partnership agreement between VICSES and DELWP in relation to the Victorian Floodplain Management Strategy has now entered its third year. This partnership aims to increase the awareness of Victorian communities, businesses and government agencies of flooding and encourage emergency preparedness through protective action associated with mitigation of flood risks and the consequences of flooding. The Victorian Floodplain Management Strategy has been strengthened through this partnership as the ability to provide effective flood preparation, response and recovery activities have been enhanced.

### Melbourne Water

Melbourne Water has been a long-term partner of VICSES. The partnership looks to build community resilience through community engagement programs. Specifically, the target audience for these programs are households in high risk flood prone areas. An objective of the partnership is to build capacity through increasing understanding of flood risk and community taking protective action to prepare. Emergency preparedness planning and exercises, along with flood plans, have been undertaken and updated. Local flood guides have been further strengthened through ongoing refinement localised information.

### Australian Red Cross

Collaboration between VICSES and Australian Red Cross has seen community engagement programs including the use of the Australian Red Cross RediPlan and Get Ready app. VICSES members have been able to use these tools to engage with various communities and work towards building capacity of individuals and households. VICSES has also encouraged the use of the Australian Red Cross Children's activity book, where activities include all hazards and emergency services.

### Local Government

VICSES has continued to play a leading role in support of Municipal Emergency Management Planning Committees, facilitating all-hazard risk assessments on behalf of municipalities known as Community Emergency Risk Assessments (CERA), and taking the lead role in auditing MEMPs on a rolling three-year cycle. During 2019-20, VICSES completed 22 MEMP audits. VICSES also delivers Introduction to Emergency Management (IEM) training to build familiarity and awareness of emergency management arrangements, particularly at the local government level. During 2019-20, VICSES ran 15 IEM courses attended by 293 participants.

## **Transport Accident Commission (TAC)**

VICSES signed a renewed partnership agreement with the Transport Accident Commission (TAC) in December 2017, providing for enhanced reporting to TAC, better funding support for road rescue services, and joint initiatives that will help reduce the Victorian road toll. Our partnership with TAC incorporates road safety initiatives, such as our collaboration to support the national Driver Reviver program. Joint branding initiatives displaying key messages related to driver fatigue were successfully adopted by VICSES units operating driver reviver sites.

## **Corporate Partners and Sponsors**

### **AAMI**

As Principal Community Partner of VICSES since 2002, AAMI has contributed more than \$9 million since commencement of the partnership, supporting important community engagement campaigns and providing critical emergency response equipment.

### **Jemena**

VICSES is excited to collaborate with Jemena and build upon the innovative work done through digital engagement with communities. Strong foundations, resources, and materials have now been created to move forward and implement community engagement facilitator training.

## **Academic Collaborations**

### **Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC)**

During 2019-20, VICSES continued its strong collaboration with the Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC) as an end-user of BNHCRC projects, and as a participant in research and utilisation activities across these projects. The research of BNHCRC is interdisciplinary, and includes working with communities to improve disaster resilience and reduce the human, social, economic and environmental costs from natural hazards, including flood.

Two key projects with active involvement from VICSES included ongoing investigations in to the use of videos in flood warnings led by the Queensland University of Technology, and an examination of the attitudes and behaviours of the public and emergency services personnel encountering floodwater in vehicles being led by Macquarie University.

### **La Trobe University**

VICSES continued a collaboration with La Trobe University to support their Industry Innovation Challenge subject. The subject provides third year students an opportunity to tackle real world problems, with the theme for the year being "Managing fatigue at VICSES during 24/7 emergency response". VICSES and La Trobe will continue to explore opportunities to work together and build the partnership given the quality of ideas by the students.

# Working on the business

## Business Services

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

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

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

### Volunteer Emergency Services Equipment Program (VESEP)

In 2019-20, the Victorian Government committed \$2.36 million in VESEP grant funding to VICSES. These funds resulted in 39 projects, which included 32 vehicles, two trailers and one snow mobile purchased, and four VICSES unit minor refurbishment projects

### Emergency Services Volunteer Sustainability Grants Program (ESVS)

There was no ESVS Grant announced during 2019-20, however VICSES did receive \$6.3 million in ESVS state government funding during 2018-19.

### Volunteer Unit Assistance Fund Grants Scheme (UAF)

In 2019-20, Units were invited to apply for the newly established UAF grant. The UAF is funded by public donations. In accordance with the fund Rules, an annual application-based funding round is established and publicised, in anticipation of the entire UAF budget being expended in the one funding round.

The purpose of the UAF as outlined in the Fund Rules is to enable VICSES units to meet the cost of purchasing and maintaining equipment and facilities, providing training and resources and otherwise to meet the administrative expenses of the units.

The 2019-20 UAF grant scheme resulted in 23 projects being funded.

## Assets

Assets had a busy year leading and supporting a number of projects as well as conducting volunteer engagement workshops including:

- Critical Assets Program
- VESEP 2019-20
- Twin Cab Review
- Twin Cab Upgrade Program
- Rescue Truck Workshop
- Joint Fleet Working Group and RCR/GR Working Group Workshop
- Asset Induction Program
- Personal Protective Clothing & Equipment Design Review

### Critical Asset Program 2019-20

Assets are responsible for the procurement and delivery of the Critical Assets program. The 2019-20 programs were funded for the following assets:

- 3 Medium rescue trucks
- 9 Boats
- 12 Road Rescue kits
- Three specialist trailers for Alpine Search & Rescue and High Angle rescue equipment.
- Servicing of 119 Road rescue kits and
- Operational Equipment replacement for 47 Units and 2 Regional warehouses

There has been a delay in the delivery of Assets due to fire operations and COVID-19. The below assets will be delivered in 2020-21:

- 3 Medium rescue trucks
- 9 Boats
- 16 Operational Equipment change-overs

### VESEP 2019/20

The following vehicles are currently under construction:

- 2 Medium Rescue 4x4 trucks
- 5 Light rescue vehicles

The following vehicles have been completed and delivered:

- 11 Twin Cabs
- 1 Trailer
- 1 Snowmobile

The following vehicles are delayed pending the outcome of the Twin Cab Tender:

- 10 Twin Cabs

The following vehicles are delayed pending the outcome of the 4WD wagon trial

- 4 Four Wheel Drive wagons

Awaiting build

- 1 trailer

### Twin Cab Upgrade Program

In 2019, VICSES undertook a comprehensive review of the carrying capacity of our twin cab support vehicles. This review identified that the current configuration of the vehicles did not meet the required carrying capacity to adequately support operational activities. The Fleet team researched and worked with suppliers to identify a suitable solution.

In October 2019, the Twin Cab Upgrade Program commenced. The program includes an upgrade to the following:

- Bull bar (changed to a lightweight Smart Bar)
- Full suspension kit upgrade to increase the front and rear axle capacity, and increase gross vehicle mass (GVM)

The rollout has now upgraded and improved the capability of 80 vehicles. The initial program was to be implemented over 48 weeks however due to fire operations and COVID-19, the program has been adapted to ensure continuance.

### **Rescue Truck Workshop**

Assets conducted a review of the Medium and Heavy Rescue Vehicles as part of the ongoing VICSES vehicle/Fleet review process. The objective of the workshop was:

- Evaluate current stowage lists
- Develop stowage options and present preferred positions
- Consider stowage options of the three variants to establish consistency
- Evaluate other functionalities and develop options

Following on from the success of the Light Rescue Vehicle design review, Assets continued with the engagement format for the review of the Medium and Heavy Rescue Vehicles. Twenty (20) volunteers attended the workshop. Each of who made a significant contribution to the program and maintained a strong commitment to the objectives of the review. Staff from Assets, Operations and NSW SES also attended.

NSW SES provided valuable input on the challenges and solutions being applied for vehicles of this type in their organisation. Three CFA volunteers from Daylesford brigade also attended with their rescue vehicle, as part of the stowage review process. VICSES also had a medium and heavy rescue truck on display.

Following on from the workshop a Fleet Working Group (FWG) was convened to continue the design principles established by the workshop with the aim of developing a standard stowage design and evaluate suitable cab chassis.

The FWG has worked through the outcomes and recommendations from the Rescue Truck Workshop and has established a stowage plan and developed the capability requirements for the next generation rescue truck.

### **Joint fleet working group and RCR/GR working group workshop**

The Bendigo region hosted the one day joint working group consisting of the fleet working group and the Road Crash Rescue General Rescue working group to collectively discuss and review the equipment stowage, future capability requirements including new technology and explore options for improving the current designs.

Eighteen volunteers and staff met to progress the work already completed by the fleet working group and outcomes at the Rescue Truck workshop for further peer review and input.

The group also reviewed the current contents of domestics rescue kit, PPC&E and biohazard kit and the hand hydraulics kits with the aim of modernising, enhancing and reducing duplication of kit contents. A number of recommendations have been proposed to State Operations for consideration.

### **Asset Induction Program**

The Asset Induction Program was established to develop member induction videos for new assets. The program aims to develop an online induction video (though the VICSES Learning Management Systems) which will support our unit members and region staff on the safe and correct use of our assets. A pilot induction video was developed for the new lighting trailers to launch the program.

### **Personal Protective Clothing & Equipment (PPC&E) Design Review**

In December 2019, VICSES announced that the commencement of the Volunteer PPC&E Redesign Project. A key outcome of this project is to modernise and improve the uniform design of personal protective clothing for our volunteers and ensure that it is fit for task.

This project will provide a number of opportunities for volunteers to become involved in the review and design phases through surveys, volunteer workshops, and working groups.

The workshops were due to commence late 2020 however due to COVID-19 the workshops have been put on hold.

In 2020-21, the project will focus on a comprehensive volunteer survey and continue planning and preparing for commencement of the regional workshops post COVID-19.

## Information Services

Information Services (IS) is accountable for providing technology and information management services to the organisation.

The responsibilities encompass a full range of administration and compliance services to ensure network, telecommunication, mobile devices and computers are available at all times to our members. Importantly, the responsibilities extend to providing information security and governance services to ensure information is managed properly and securely.

Along with our strong supplier partnerships, IS continues to work with external stakeholders including fellow emergency agencies such as CFA, MFB and EMV as well as other agencies including the Office of the Victorian Information Commissioner (OVIC), the Department of Premier and Cabinet (DPC) Cyber Security team, Public Record Office Victoria (PROV), Victorian Managed Insurance Authority (VMIA), the Victorian Government Purchasing Board (VGPB) and Department of Justice and Community Safety (DJCS).

### COVID-19 Pandemic

VICSES provides for a flexible and mobile workforce in normal circumstances. To this end, the organisation has had a cloud based core network in place for 5 years. The vast majority of systems are web-based due to an organisation policy to source cloud based products wherever practical. Secure remote access has also been in place for well over five years. Over 95 per cent of the staff workforce are equipped with laptops and most have mobile devices.

The majority of the COVID-19 related work for IS has been, with guidance from the VICSES Pandemic Preparedness & Response Team, to support the transition of all individuals to work remotely and flexibly from their homes.

## Information Security & Management

A significant degree of activity in the past year has been focused on security.

### Framework

The VICSES executive is supportive of the organisation having the best possible information security management system (ISMS), which encompasses physical and personnel security as well as that required for information and technology.

In 2019, a major audit of the state of VICSES security was conducted including a review of physical and personnel security arrangements. The audit has provided a structured, risk based, implementation plan for the coming years which aligns to the organisation's profile. The audit has also established a benchmark for continued assessment.

Aligned to the International Standard on Information Security Management (ISO 27K), the Information Security Management Framework (ISMF) will build VICSES' resilience against current and future information security risks, provide for continued improvement and compliance with the Victorian Protective Data Security Standards (VPDSS).

The ISMS will also provide for consolidated governance regimes which overlap with other standards such as the Asset Management Assessment Framework (AMAF).

### Cyber Security

IS has established clear responsibilities, processes and protocols this year to ensure cyber security issues are more efficiently managed. Formal relationships have been established with AusCERT and the Department of Premier & Cabinet's Cyber Security Unit to ensure VICSES is not only kept abreast of cyber security issues affecting the broader community but also as an excellent source for advice and assistance when required.

### Windows Server Legacy Project

VICSES completed an upgrade of out-dated Windows Server versions to current supported version 2016. IS took the opportunity to rationalise (decommission) and re-build servers against a standard configuration. In the coming year the same approach will be undertaken to upgrade servers with version 2012 to 2016, to achieve a common server platform.

To ensure the security of all VICSES information, IS also ran a concurrent campaign to confirm outdated server versions were not in use within VICSES Units and Regional Offices. Finally, all VICSES IS suppliers were contacted for confirmation their systems, including those supporting our applications had been updated or would be completed by the December 2019.

## Finance

### Unit Financial Management Taskforce Initiatives

The Unit Financial Management Taskforce is a group of both volunteer and staff members which supports and advises VICSES on:

- Unit financial management standards to account for state and community funds; and
- Innovation to improve the efficiency and effectiveness of Unit Financial management

### Unit Audits 18-19

The Unit Financial Audits provide an independent review on how VICSES Units have managed their finances in a particular financial year and the level of cash assets as at 30 June.

The Units audits for the 2018-19 financial year were completed **100 per cent** in 2019-20 – the first time this has occurred since Unit audits began in 2008-19.

### Unit Financial Management Training

VICSES Finance section conducted 1 Unit Financial Management Training Session in 2019-20, which was attended by 16 members.

These sessions are important in providing Unit Finance Officers and Unit Controllers an understanding of the expectations on those involved in Unit Financial Management requirements

### Unit “Cloud” Accounting System

The implementation of the new Cloud Accounting system continued in 2019-20. Nearly 100 units had transitioned to the new system as at 30 June, and 117 volunteer members from 72 Units were trained to use the new system in 2019-20.

The Unit Cloud Accounting systems provide the following important benefits to Volunteer Units:

- Ability for volunteers to use the system remotely via the internet
- Consistency of financial reporting and reporting set-up
- Enhanced training and support network
- Automatic management of software updates and system back-ups
- Improved functionality in transaction management
- Improved security and system access

## VICSES Initiatives

### Implementation of new accounting standards

In 2019-20, VICSES was required to comply with new and updated accounting standards which are to improve information to readers of financial statements.

The new standards relating to:

- How VICSES is to recognise revenue; and
- How leased assets are to be recorded.

This was not an easy task and required significant work in understanding requirements, gathering new information and introducing new systems and processes.

#### **Upgrade of VICSES accounting system to the “Cloud”**

After introducing hardware to support the VICSES Accounting System in 2018-19, VICSES moved the accounting system into the Cloud in 2019-20.

The move required considerable planning and testing from the VICSES and was successfully introduced in November 2019.

## Facilities and Capital Works

### Achievements during 2019-20

During 2019-20, VICSES worked closely with ESIA to acquire land, design and construct a number of volunteer units. These include:

Project	Estimated project completion date
Wangaratta volunteer unit relocation	January 2021
Emerald volunteer unit relocation	August 2021
Northcote volunteer unit relocation	August 2021
Knox volunteer unit relocation	September 2021
Essendon volunteer unit redevelopment	September 2021
Broadmeadows volunteer unit relocation	May 2022
Chelsea volunteer unit relocation	February 2022

A relocated regional office was established in Bairnsdale during 2019-20. Establishment of a relocated regional office in Horsham commenced in 2019-20 and is currently underway.

In 2019-20, VICSES was transferred ownership of the Cann River, Cobden, Swan Hill and Kilmore volunteer unit land and facilities from local Councils.

2019-20 also saw the establishment of new occupancy agreements with local Councils for more than 25 volunteer unit facilities along with VICSES being appointed as Committee of Management of the Mallacoota and Warracknabeal volunteer unit facilities, as well as for the land designated for the new Wonthaggi Unit.

# 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>AFAC</b>	Australasian Fire and Emergency Service Authorities Council
<b>AMAF</b>	Asset Management Assessment Framework
<b>AusCERT</b>	National not-for-profit Cyber Emergency Response Team
<b>BNHCRC</b>	Bushfire and Natural Hazard Cooperative Research Centre
<b>Board</b>	Victoria State Emergency Service Authority Board
<b>CEO</b>	Chief Executive Officer
<b>CERA</b>	Community Emergency Risk Assessments
<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 Environment, Land, Water and Planning
<b>DHHS</b>	Department of Health and Human Services
<b>DJCS</b>	Department of Justice & Community Safety
<b>DPC</b>	Department of Premier and Cabinet
<b>EMV</b>	Emergency Management Victoria
<b>ESIA</b>	Emergency Services Infrastructure Authority
<b>FOI</b>	Freedom of Information
<b>FRV</b>	Fire Rescue Victoria
<b>IEM</b>	Introduction to Emergency Management
<b>IMT</b>	Incident Management Team
<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>ISMF</b>	Information Security Management Framework
<b>ISMS</b>	Information Security Management System
<b>IS</b>	Information Services
<b>JSP</b>	Job Safety Planning
<b>LHQ</b>	Local headquarters
<b>MAV</b>	Municipal Association of Victoria
<b>MEMP</b>	Municipal Emergency Management Plan
<b>MFB</b>	Metropolitan Fire Brigade
<b>MOU</b>	Memorandum of Understanding
<b>MP</b>	Member of parliament
<b>OVIC</b>	Office of the Victorian Information Commissioner
<b>PCG</b>	Project Control Group
<b>PPC&amp;E</b>	Personal protective clothing and equipment
<b>PPRT</b>	Pandemic Preparedness & Response Team
<b>PROV</b>	Public Records Office of Victoria

<b>RAIR</b>	Road, aircraft, industrial and rail
<b>RCR</b>	Road Crash Rescue
<b>Rescue RAI</b>	Rail, aircraft , industrial
<b>RFA</b>	Request for Assistance
<b>RTO</b>	Registered Training Office
<b>SOI</b>	Safe Operating Instructions
<b>SRC</b>	State Response Controller
<b>SWP</b>	Safe Work Procedures
<b>TAC</b>	Transport Accident Commission
<b>TLE</b>	Tsunami, landslide and earthquake
<b>VESEP</b>	Volunteer Emergency Services Equipment Program
<b>VGPB</b>	Victorian Government Purchasing Board
<b>VGPG</b>	Victorian Government Procurement Board
<b>VHO</b>	Victoria State Emergency Service Victorian Head Office
<b>VICSES</b>	Victoria State Emergency Service
<b>VMIA</b>	Victorian Managed Insurance Authority
<b>VPDSS</b>	Victorian Protective Data Security Standards
<b>VUS</b>	Volunteer Unit Subsidy
<b>WADO</b>	Warnings and Advice Duty Officer
<b>WHS</b>	Wellbeing, Health and Safety

## Five year financial summary

	2019- 2020 \$'000s	2018- 2019 \$'000s	2017- 2018 \$'000s	2016- 2017 \$'000s	2015- 2016 \$'000s
<b>Appropriation from Government (i)</b>					
Output and special appropriation	58,240	52,113	55,195	49,070	45,122
Capital appropriation	9,100	7,800	28,012	0	150
<b>Total appropriation from Government</b>	<b>67,340</b>	<b>59,913</b>	<b>83,207</b>	<b>49,070</b>	<b>45,272</b>
<b>Comprehensive operating statement</b>					
Total income from transactions	68,353	68,621	64,888	64,841	54,807
Total expenses from transactions	(68,447)	(62,478)	(60,958)	(55,449)	(51,222)
<b>Net result from transactions for the period</b>	<b>(94)</b>	<b>6,143</b>	<b>3,930</b>	<b>9,392</b>	<b>3,585</b>
Other economic flows	391	443	572	306	1,353
<b>Net result</b>	<b>297</b>	<b>6,586</b>	<b>4,502</b>	<b>9,698</b>	<b>4,938</b>
Other economic flows not in the net result (ii)	(178)	0	1,908	0	3,313
<b>Comprehensive result</b>	<b>119</b>	<b>6,586</b>	<b>6,410</b>	<b>9,698</b>	<b>8,251</b>
<b>Balance sheet</b>					
Total assets	204,998	190,047	173,813	138,124	129,086
Total liabilities	(22,773)	(16,927)	(15,079)	(13,812)	(14,472)
<b>Net Assets</b>	<b>182,225</b>	<b>173,120</b>	<b>158,734</b>	<b>124,312</b>	<b>114,614</b>
<b>Cashflow statement</b>					
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(22,832)</b>	<b>1,129</b>	<b>32,892</b>	<b>2,074</b>	<b>4,647</b>
<b>Cash and cash equivalents at 30 June</b>	<b>60,508</b>	<b>83,340</b>	<b>82,211</b>	<b>49,319</b>	<b>47,245</b>

- (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 2020, the Authority achieved a comprehensive result of \$0.119 million; \$6.5 million lower than in 2018-2019.

The key items impacting the 2019-2020 Net result are:

- A decrease of \$0.268 million in income from transactions to \$68.353
- An increase of \$5.969 million in expenses from transactions to \$68.447 million resulting primarily from:
  - An increase in Employee expenses of \$1.662 million
  - An increase in Depreciation of \$1.479 million
  - An increase in Vehicle Expense of \$0.706 million
  - An increase in postage and communication expenses of \$2.314 million

## Balance sheet

Net assets increased by \$9.105 million in 2019-2020 to \$182.225 million. The major reason for the increase is an increase of \$8.769 million in property, plant and equipment.

## Cashflow statement

VICSES holds cash and cash equivalents of \$60.508 million. \$16.898 million is held by Volunteer Units and \$43.610 million by the Authority. (Volunteer Units also hold an additional \$6.700 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:

- Increase in payments to suppliers and employees
- Increase in capital funding received

## Subsequent events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Authority at the reporting date. As the situation and corresponding responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Authority for its operations, its future results and financial position. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Authority, the results of the operations, or the state of affairs of the Authority in the future financial years.

# VICSES financial statements for the year ended 30 June 2020

## 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 2020 in the following structure to provide users with the information about the Authority's stewardship of resources entrusted to it.

- Independent Auditor's Report (VAGO)
  - 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. Financing 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 Change in accounting policies
    - 8.5 Responsible persons
    - 8.6 Remuneration of executives
    - 8.7 Related parties
    - 8.8 Remuneration of auditors
    - 8.9 Subsequent events
    - 8.10 Other accounting policies
    - 8.11 Australian Accounting Standards issued that are not yet effective

- 8.12 Glossary of technical terms
- 8.13 Style conventions

- **Disclosure index**

## Independent Auditor's Report

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

<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 2020</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 2020 and its 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>The 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>

<b>Auditor's responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE  
26 November 2020

Janaka Kumara  
*as delegate for the Auditor-General of Victoria*

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Authority at 30 June 2020.

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 **25 November 2020**.



Greg Wilson

**Chairperson**

Victoria State Emergency Service Authority  
Melbourne, 25 November 2020

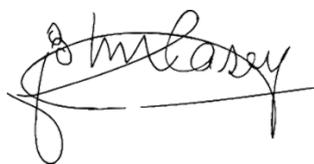


Stephen Griffin

**Chief Executive Officer**

Victoria State Emergency Service Authority

Melbourne, 25 November 2020



John Casey

**Director of Corporate Services**

**Chief Finance and Accounting Officer**

**Victoria State Emergency Service Authority**

Melbourne, 25 November 2020

## Comprehensive operating statement for the financial year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Income from transactions</b>			
Grants	2.2.1	65,192	66,065
Interest income	2.1	306	1,031
Sale of services	2.1	23	54
Fair value of assets received free of charge	2.2.2	1,297	340
Other income	2.2.3	1,535	1,131
<b>Total income from transactions</b>		<b>68,353</b>	<b>68,621</b>
<b>Expenses from transactions</b>			
Employee benefit expenses	3.1.1	(29,451)	(27,789)
Depreciation	4.1.1	(8,669)	(7,190)
Interest expense	6.1	(534)	(187)
Other operating expenses	3.2	(29,793)	(27,312)
<b>Total expenses from transactions</b>		<b>(68,447)</b>	<b>(62,478)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(94)</b>	<b>6,143</b>
<b>Other economic flows included in net result</b>			
Net gain on non-financial assets	8.2(a)	465	611
Other gains/(losses) from other economic flows	8.2(b)	(74)	(168)
<b>Total other economic flows included in net results</b>		<b>391</b>	<b>443</b>
<b>Net result</b>		<b>297</b>	<b>6,586</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	(178)	0
<b>Total other economic flows – other comprehensive income</b>		<b>(178)</b>	<b>0</b>
<b>Comprehensive result</b>		<b>119</b>	<b>6,586</b>

The accompanying notes form part of these financial statements.

## Balance sheet as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	60,508	83,340
Receivables	5.1	2,704	9,307
Investments and other financial assets	4.2	6,700	6,307
<b>Total financial assets</b>		<b>69,912</b>	<b>98,954</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	98,685	89,916
Land held for sale	4.1.2	0	301
Other non-financial assets	5.3	36,401	876
<b>Total non-financial assets</b>		<b>135,086</b>	<b>91,093</b>
<b>Total assets</b>		<b>204,998</b>	<b>190,047</b>
<b>Liabilities</b>			
Payables	5.2	3,645	6,231
Contract liabilities	5.2.1	1,648	0
Borrowings	6.1	10,411	3,771
Employee related provisions	3.1.2	7,069	6,925
<b>Total liabilities</b>		<b>22,773</b>	<b>16,927</b>
<b>Net assets</b>		<b>182,225</b>	<b>173,120</b>
<b>Equity</b>			
Accumulated surplus		82,997	82,522
Physical asset revaluation surplus	8.3	11,803	11,981
Contributed capital		87,425	78,617
<b>Net worth</b>		<b>182,225</b>	<b>173,120</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the financial year ended 30 June 2020

	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributed capital \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	<b>11,981</b>	<b>75,936</b>	<b>70,817</b>	<b>158,734</b>
Net result for the year	0	6,586	0	6,586
Capital appropriations	0	0	7,800	7,800
<b>Balance at 30 June 2019</b>	<b>11,981</b>	<b>82,522</b>	<b>78,617</b>	<b>173,120</b>
Net result for the year	0	297	0	297
Transfer to accumulated surplus	(178)	178	0	0
Capital appropriations	0	0	8,808	8,808
<b>Balance at 30 June 2020</b>	<b>11,803</b>	<b>82,997</b>	<b>87,425</b>	<b>182,225</b>

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

## Cash flow statement for the financial year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		56,625	54,457
Receipts from other entities		7,456	13,893
Goods and services tax recovered from the ATO		3,363	3,492
Interest received		360	1,084
<b>Total receipts</b>		<b>67,804</b>	<b>72,926</b>
<b>Payments</b>			
Payments to suppliers and employees		(88,146)	(55,784)
Interest and other costs of finance paid		(534)	(192)
Other payments		(1,636)	(1,352)
<b>Total payments</b>		<b>(90,316)</b>	<b>(57,328)</b>
<b>Net cash flow from/(used in) operating activities</b>	6.3.1	<b>(22,512)</b>	<b>15,598</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(6,700)	(5,845)
Proceeds from sales of investments		6,308	5,435
Purchases of non-financial assets		(7,239)	(14,636)
Sales of non-financial assets		1,217	1,599
<b>Net cash flows from/(used in) investing activities</b>		<b>(6,414)</b>	<b>(13,447)</b>
<b>Cash flows from financing activities</b>			
Owner contributions by State Government		7,800	0
Repayment of finance leases		(1,706)	(1,022)
<b>Net cash flows from/(used in) financing activities</b>		<b>6,094</b>	<b>(1,022)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(22,832)</b>	<b>1,129</b>
Cash and cash equivalents at the beginning of the financial year		83,340	82,211
<b>Cash and cash equivalents at the end of the financial year</b>	6.3	<b>60,508</b>	<b>83,340</b>

The accompanying notes form part of these financial statements.

## 1. ABOUT THIS REPORT

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

Its principal address is:

Victoria State Emergency Service Authority

168 Sturt Street

Southbank VIC 3006

A description of the nature of its operations and its principal activities is included in pages 4 -61 of this document, which does not form part of these financial statements.

### Basis of preparation

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

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

### Incorporation of VICSES volunteer units

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and 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".

## 1. ABOUT THIS REPORT (continued)

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

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

All amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 8.13 for a style convention guide and explanations of minor discrepancies resulting from rounding.

### Compliance information

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

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 Community Service. The Authority also receives gifts, donations, project grants and sponsorship.

The COVID-19 pandemic has had no impact on income during the 2019-20 financial year.

### 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 (i)

	Notes	2020 \$'000	2019 \$'000
Grants	2.2.1	65,192	66,065
Interest income		306	1,031
Sale of services		23	54
Fair value of assets received free of charge	2.2.2	1,297	340
Other income	2.2.3	1,535	1,131
<b>Total income from transactions</b>		<b>68,353</b>	<b>68,621</b>

Note: (i) The COVID-19 pandemic has had no impact on income during the 2019-20 financial year.

Revenue and income that fund delivery of the Authority's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

**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

### Sale of services

The sale of services included in the table above are transaction that the department has determined to be classified as revenue from contracts with customers in accordance with AASB 15. The impact of initially applying AASB 15 on the Authority's revenue from contracts with customers is described in Note 8.4.2. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

The following practical expedient has been used for uncompleted contracts when applying AASB 15 retrospectively under the modified approach:

- For contracts modified before the date of initial application, the authority has reflected the aggregate of all past contracts modifications that occurred before the date of initial application when identifying performance obligations and determining and allocating the transaction price.

The practical expedient has been consistently applied to all contracts within the current reporting period and the effect of applying the practical expedient is disclosed in Note 5.2.1.

## 2. FUNDING DELIVERY OF OUR SERVICES (continued)

### 2.1 Summary of income that funds the delivery of our services (continued)

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Authority recognises revenue when it transfers control of a good or service to the customer. Revenue is recognised when, or as, the performance obligations for the transfer of services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 5.2.1). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded.

#### Previous accounting policy for 30 June 2019

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

	2020 \$'000	2019 \$'000
<b>General purpose:</b>		
Department of Justice and Community Service		
- Operating grant income	56,307	50,792
- Volunteer and other grants	2,844	9,009
- Special Appropriation Volunteer WorkCover	625	806
Other State Government entities/agencies		
- Melbourne Water	350	342
- Transport Accident Commission	4,038	3,996
- Department of Environment, Land, Water and Planning	500	500
- Country Fire Authority	451	440
Other	77	180
<b>Total grants</b>	<b>65,192</b>	<b>66,065</b>

The authority has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The impact of initially applying AASB 1058 on the Authority's grant revenue is described in Note 8.4. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements.

Income from grants to construct or acquire recognisable non-financial assets are recognised progressively as assets are purchased or constructed. The progressive percentage of costs incurred is used to recognise income on the basis that this most closely reflects the progress to completion as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers, with revenue being recognised when the Authority satisfies the performance obligation by providing the relevant services. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. Funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Authority has an unconditional right to receive the cash which usually coincides with the receipt of cash. On initial recognition of the asset, the Authority recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of grant revenue has been deferred as a contract liability (Note 5.2). If the grant revenue had been accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

## 2. FUNDING DELIVERY OF OUR SERVICES (continued)

### 2.2 Income from transactions (continued)

#### 2.2.2 Grants (continued)

##### Previous accounting policy for 30 June 2019

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

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

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

### 2.2.2 Fair value of assets received free of charge

	2020 \$'000	2019 \$'000
<b>Assets</b>		
Land and buildings at fair value	1,255	340
Motor Vehicles	42	0
<b>Total fair value of assets received free of charge</b>	<b>1,297</b>	<b>340</b>

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Land and buildings are transferred at fair value from Victoria Municipal Councils and where the Authority has been appointed as committee of management under section 14(2) of the *Crown Land (Reserves) Act 1978*.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated. Although the Authority relies on significant volunteer services, the fair value of these services cannot be reliably determined and thus is not recognised.

### 2.2.3 Other income

	2020 \$'000	2019 \$'000
Sponsorship	617	585
Donations	82	29
Other income	836	517
<b>Total other income</b>	<b>1,535</b>	<b>1,131</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.

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

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

### 3. THE COST OF DELIVERING SERVICES

#### Introduction

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

#### Structure

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

#### 3.1 Expenses incurred in delivery of services <sup>(i)</sup>

		2020 \$'000	2019 \$'000
Employee benefit expenses	3.1.1	29,451	27,789
Other operating expenses	3.2	29,793	27,312
<b>Total expenses incurred in delivery of services</b>		<b>59,244</b>	<b>55,101</b>

Note:

(i) The COVID-19 pandemic has had no material impact on expenditure during the 2019-20 financial year.

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

	2020 \$'000	2019 \$'000
Post-employment benefits:		
- Defined contribution superannuation plans	1,917	1,954
- Defined benefit superannuation expenses	64	64
Termination benefits	64	61
Salaries and wages, annual leave and long service leave	27,406	25,710
<b>Total employee expenses</b>	<b>29,451</b>	<b>27,789</b>

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

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

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

### 3. THE COST OF DELIVERING SERVICES (continued)

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

##### 3.1.2 Employee benefits in the balance sheet

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

	2020 \$'000	2019 \$'000
<b>Current provisions <sup>(i)</sup>:</b>		
<b>Annual leave <sup>(ii)</sup></b>		
Unconditional and expected to settle within 12 months	2,218	2,218
Unconditional and expected to settle after 12 months	151	137
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	349	1,152
Unconditional and expected to settle after 12 months	2,636	1,471
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	680	841
Unconditional and expected to settle after 12 months	490	312
<b>Total current provisions for employee benefits</b>	<b>6,524</b>	<b>6,131</b>
<b>Non-current provisions:</b>		
Employee benefits <sup>(i)</sup>	466	672
On-costs	79	123
<b>Total non-current provisions for employee benefits</b>	<b>545</b>	<b>795</b>
<b>Total provisions for employee benefits</b>	<b>7,069</b>	<b>6,926</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 recognised as a separate provision.

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

(iii) The Authority adopted a new model to calculate the provision for long service leave in 2019-20. The previous model assumed that long service leave is taken as a lump sum; the new model assumes it is taken a few days at a time. Therefore, the new model apportions more of the unconditional long service leave liability over future years than the old model, based on an assumed pattern of payments. This change resulted in an additional \$141 thousand expenditure recognised in 2020-21 financial year.

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

	2020 \$'000	2019 \$'000
<b>Opening balance</b>	<b>1,276</b>	<b>1,022</b>
Additional provisions recognised	352	698
Reductions arising from payments/other sacrifices of future economic benefits	(379)	(445)
<b>Closing balance</b>	<b>1,249</b>	<b>1,275</b>
Current	1,170	1,152
Non-current	79	123
<b>Total on-cost provision</b>	<b>1,249</b>	<b>1,275</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.

### 3. THE COST OF DELIVERING SERVICES (continued)

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

##### 3.1.2 Employee benefits in the balance sheet (continued)

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

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

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 Statement of Comprehensive Income as it is taken.

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

**Unconditional LSL** is disclosed as a current liability, even where the Authority does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the Authority expects to wholly settle within 12 months, or
- present value – if the Authority does not expect to wholly settle within 12 months.

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

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

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

##### 3.1.3 Superannuation contributions

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

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

	Paid contribution for		Contributions	
	the year		outstanding at year end	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Defined benefits plan</b>				
State Superannuation Fund - Revised and New <sup>(i)</sup>	65	66	0	1
<b>Defined contribution plans</b>				
VicSuper	1,028	1,137	2	21
Other	922	853	1	16
<b>Total</b>	<b>2,015</b>	<b>2,056</b>	<b>3</b>	<b>38</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

	2020 \$'000	2019 \$'000
Supplies and services:		
- Contractors and professional services	4,667	4,972
- Building service and maintenance expenses	1,427	2,674
- Travel and associated costs	498	687
- Printing, stationery and other office expenses	503	675
- Postage and communication expenses	7,918	5,604
- Vehicle expenses	2,152	1,445
- Technology services costs	4,867	3,730
- Protective clothing	1,101	959
- Emergency rescue equipment	2,035	2,139
- Training (volunteers and staff)	1,370	2,412
- Other	827	770
Short-term leases	690	0
Low-value leases	28	46
Net result of VICSES volunteer units	1,710	1,199
<b>Total other operating expenses</b>	<b>29,793</b>	<b>27,312</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 up until 30 June 2019** (including contingent rentals) are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur

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 <sup>(i)</sup>

'Purpose' group – Public safety and environment <sup>(ii)</sup>						
	Gross carrying amounts		Accumulated depreciation		Net carrying amounts	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Nature-based classification</b>						
Crown land at fair value	21,381	20,679	0	0	21,381	20,679
Buildings and leasehold improvements at fair value	36,461	24,237	(8,367)	(6,590)	28,094	17,647
Plant, equipment and vehicles at fair value	84,565	82,839	(40,355)	(38,225)	44,210	44,614
Assets under construction at cost	5,000	6,977	0	0	5,000	6,977
<b>Total property, plant and equipment</b>	<b>147,407</b>	<b>134,732</b>	<b>(48,722)</b>	<b>(44,815)</b>	<b>98,685</b>	<b>89,916</b>

Notes:

(i) AASB 16 Leases has been applied for the first time from 1 July 2019.

(ii) 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.

The following tables are subsets of buildings, and plant and equipment by right-of-use assets.

#### 4.1(a) Total right-of-use assets: buildings, plant, equipment and vehicles

	Gross carrying amounts	Accumulated Depreciation	Net carrying amounts
	2020 \$'000	2020 \$'000	2020 \$'000
Buildings at fair value	9,045	(823)	8,222
Plant, equipment and vehicles at fair value	2,751	(834)	1,917
<b>Net carrying amount</b>	<b>11,796</b>	<b>(1,657)</b>	<b>10,139</b>

	Buildings	Plant, Equipment and Vehicles at fair value
	\$'000	\$'000
<b>Opening balance – 1 July 2019<sup>(i)</sup></b>	<b>7,525</b>	<b>1,445</b>
Additions	1,520	1,686
Disposals	0	(3)
Depreciation	(823)	(1,211)
<b>Closing balance – 30 June 2020</b>	<b>8,222</b>	<b>1,917</b>

Note:

(i) AASB 16 Leases has been applied for the first time from 1 July 2019. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (recognised under AASB 117 at 30 June 2019) to right-of-use assets (recognised under AASB 16 at 1 July 2019).

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

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

**Initial recognition:** Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or a nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) 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.

#### **Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement**

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

**Subsequent measurement:** Property, plant and equipment (PPE) as well as right-of-use assets under leases 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. In addition, for right-of-use assets, the net present value of the remaining lease payments is often the appropriate proxy for fair value of relevant right-of-use assets.

#### **Right-of-use asset – Subsequent measurement**

The Authority depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

**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 value.

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

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

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

Fair value for **plant, equipment** that are specialised in use (such that they are rarely sold other than as part of a going concern) is determined using the current replacement cost method. Refer to Note 7.3.2 for additional information on fair value determination of property, plant and equipment.

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

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

#### Impairment of property, plant and equipment

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

#### 4.1.1 Depreciation and impairment

##### Charge for the period <sup>(i)</sup>

	2020 \$'000	2019 \$'000
Buildings and leasehold improvement	(1,779)	(999)
Plant, equipment and vehicles	(5,679)	(5,326)
Leased vehicles	(1,211)	(865)
<b>Total depreciation</b>	<b>(8,669)</b>	<b>(7,190)</b>

Note:

(i) The table incorporates depreciation of right-of-use assets and service concession asset as AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors have been applied for the first time from 1 July 2019.

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

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

Asset	Useful Life
Buildings	3 - 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.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Authority obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Authority will exercise a purchase option, the Authority depreciates the right-of-use asset over its useful life.

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

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

## 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)</sup>

Carrying Amount	Crown land at fair value \$'000	Buildings and leasehold improvements at fair value \$'000	Plant, equipment and vehicles at fair value \$'000	Assets under construction at cost \$'000	Total \$'000
<b>Balance at 30 June 2018</b>	<b>14,996</b>	<b>18,597</b>	<b>44,143</b>	<b>4,748</b>	<b>82,484</b>
Fair value of assets received free of charge	159	181	0	0	340
Additions	5,789	0	1,836	7,945	15,570
Transfers in/(out) of assets under construction	0	229	5,487	(5,716)	0
Disposals	0	(325)	(662)	0	(987)
Impairment of assets	0	0	0	0	0
Revaluation of PPE	0	0	0	0	0
Transfer to disposal group held for sale	(265)	(36)	0	0	(301)
Depreciation expense	0	(999)	(6,191)	0	(7,190)
<b>Balance at 30 June 2019</b>	<b>20,679</b>	<b>17,647</b>	<b>44,613</b>	<b>6,977</b>	<b>89,916</b>
Adjustment to finance leases <sup>(ii)</sup>	0	0	(2,385)	0	(2,385)
Recognition of right-of-use assets on initial application of AASB 16 <sup>(iii)</sup>	0	7,525	0	0	7,525
<b>Adjusted balance at 1 July 2019</b>	<b>20,679</b>	<b>25,172</b>	<b>42,228</b>	<b>6,977</b>	<b>95,056</b>
Fair value of assets received free of charge	702	553	0	0	1,255
Additions	0	1,520	1,686	8,302	11,508
Transfers in/(out) of assets under construction	0	2,628	7,651	(10,279)	0
Disposals	0	0	(465)	0	(465)
Impairment of assets	0	0	0	0	0
Revaluation of PPE	0	0	0	0	0
Transfer to disposal group held for sale	0	0	0	0	0
Depreciation expense	0	(1,779)	(6,890)	0	(8,669)
<b>Balance at 30 June 2020</b>	<b>21,381</b>	<b>28,094</b>	<b>44,210</b>	<b>5,000</b>	<b>98,685</b>

**Notes:**

- (i) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2021.
- (ii) On transition to AASB 16 the Authority identified that in prior periods, motor vehicle assets under finance leases had been recognised at the fair value of the leased assets rather than, where lower, the present value of minimum lease payments, each determined at the inception of the lease. The asset and liability balances have been adjusted to reflect the appropriate treatment as at 1 July 2019. This amount is not material to the financial statements therefore comparative year balances have not been restated.
- (iii) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to leases - refer to Note 8.4.

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

### 4.2 Investments and other financial assets

	2020 \$'000	2019 \$'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	6,275	5,845
<b>Total current investments and other financial assets</b>	<b>6,275</b>	<b>5,845</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	425	462
<b>Total non-current investments and other financial assets</b>	<b>425</b>	<b>462</b>
<b>Total investments and other financial assets</b>	<b>6,700</b>	<b>6,307</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

	2020 \$'000	2019 \$'000
<b>Current receivables</b>		
<b>Contractual</b>		
Accrued interest income	0	55
Other receivables	2,341	752
	2,341	807
<b>Statutory</b>		
GST recoverable (net)	353	185
Other receivable	10	8,315
	363	8,500
<b>Total current receivables</b>	<b>2,704</b>	<b>9,307</b>
<b>Total receivables</b>	<b>2,704</b>	<b>9,307</b>

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

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

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

## 5. OTHER ASSETS AND LIABILITIES (continued)

### 5.2 Payables

	2020 \$'000	2019 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services	3,457	6,138
	3,457	6,138
<b>Statutory</b>		
Other taxes payable	188	93
	188	93
<b>Total current payables</b>	<b>3,645</b>	<b>6,231</b>
<b>Total payables</b>	<b>3,645</b>	<b>6,231</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** - 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.

During to COVID-19 pandemic, VICSES has followed the direction of the Premier of Victoria and all suppliers are paid on 10 day payment terms, previously payables for supplies and services have an average credit period of 30 days.

#### 5.2.1 Contract liabilities

	2020 \$'000
<b>Contract liabilities</b>	
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	0
Add: Payments received for performance obligations yet to be completed during the period	0
Add: Grant consideration for sufficiently specific performance obligations received during the year	2,364
Less: Revenue recognised in the reporting period for the completion of a performance obligation	0
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(716)
<b>Total contract liabilities</b>	<b>1,648</b>
<i>Represented by</i>	
Current contract liabilities	1,648
Non-current contract liabilities	0

Contract liabilities relate to consideration received in advance where the Authority is yet to satisfy the performance obligations in an enforceable contract that contains sufficiently specific performance obligations.

Grant funding was received from the State Government as part of the Volunteer Emergency Services Equipment Program (VESEP) to acquire or construct recognisable non-financial assets for Volunteer Units.

## 5. OTHER ASSETS AND LIABILITIES (continued)

### 5.2 Payables (continued)

#### 5.2.1 Contract liabilities (continued)

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

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates		
				1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
<b>2020</b>						
<b>Payables</b>						
- Supplies and services	3,457	3,457	3,457	0	0	0
<b>Total</b>	<b>3,457</b>	<b>3,457</b>	<b>3,457</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2019</b>						
<b>Payables</b>						
- Supplies and services	6,138	6,138	6,138	0	0	0
<b>Total</b>	<b>6,138</b>	<b>6,138</b>	<b>6,138</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note:

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

### 5.3 Other non-financial assets <sup>(i)</sup>

	2020 \$'000	2019 \$'000
<b>Current other assets</b>		
Prepayments	25,630	791
<b>Total current other assets</b>	<b>25,630</b>	<b>791</b>
<b>Non-current other assets</b>		
Prepayments	10,771	85
<b>Total non-current other assets</b>	<b>10,771</b>	<b>85</b>
<b>Total other assets</b>	<b>36,401</b>	<b>876</b>

Note:

(i) Balance at June 30 2020 includes \$35.800 million paid to the Emergency Services Infrastructure Authority for the construction of new Volunteer Unit Headquarters.

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

## 6. HOW WE FINANCED OUR OPERATIONS

### Introduction

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

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

### Structure

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

### 6.1 Borrowings

	2020 \$'000	2019 \$'000
<b>Current borrowings</b>		
Lease liabilities <sup>(i)</sup>	1,709	1,732
<b>Total current borrowings</b>	<b>1,709</b>	<b>1,732</b>
<b>Non-current borrowings</b>		
Lease liabilities <sup>(i)</sup>	8,702	2,039
<b>Total non-current borrowings</b>	<b>8,702</b>	<b>2,039</b>
<b>Total borrowings</b>	<b>10,411</b>	<b>3,771</b>

Note:

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

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

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

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

## 6. HOW WE FINANCED OUR OPERATIONS (continued)

### 6.1 Borrowings (continued)

#### Maturity analysis of borrowings <sup>(i)</sup>

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates			
				1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	5+ years \$'000
<b>2020</b>							
<b>Borrowings</b>							
- Lease liabilities	10,411	14,211	195	376	1,548	4,214	7,878
<b>Total</b>	<b>10,411</b>	<b>14,211</b>	<b>195</b>	<b>376</b>	<b>1,548</b>	<b>4,214</b>	<b>7,878</b>
<b>2019</b>							
<b>Borrowings</b>							
- Lease liabilities	3,771	4,028	232	320	1,315	2,161	0
<b>Total</b>	<b>3,771</b>	<b>4,028</b>	<b>232</b>	<b>320</b>	<b>1,315</b>	<b>2,161</b>	<b>0</b>

Note:

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

#### Interest expense

	2020 \$'000	2019 \$'000
Interest on lease liabilities	534	187
<b>Total interest expense</b>	<b>534</b>	<b>187</b>

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

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

Interest expense is recognised in the period in which it is incurred.

## 6. HOW WE FINANCED OUR OPERATIONS (continued)

### 6.2 Leases

#### 6.2.1 Leases

Information about leases for which the Authority is a lessee is presented below.

##### The Authority's leasing activities

The Authority leases various properties, equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-10 years and may include an option to renew the lease after that date. Lease payments are renegotiated in accordance with contract terms.

The Authority leases IT equipment with contract terms of one to three years. These leases are short-term and or/leases of low value items. The Authority has elected not to recognise right-of-use assets and lease liabilities for these leases.

##### Leases at significantly below-market terms and conditions

The Authority is party to 95 below-market or "peppercorn" leases with municipal councils and state government entities in respect of volunteer unit premises.

#### 6.2.1(a) Right-of-use Assets

Right-of-use assets are presented in Note 4.1(a).

#### 6.2.1(b) Amounts recognised in the Statement of Comprehensive Statement

The following amounts are recognised in the Statement of Comprehensive Operating Statement relating to leases:

	2020 \$'000
Interest expense on lease liabilities	534
Expenses relating to short term leases	690
Expenses relating to leases of low-value assets	28
Variable lease payments, not included in the measurement of lease liabilities	0
<b>Total amount recognised in the statement of comprehensive statement</b>	<b>1,252</b>

#### 6.2.1(c) Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflow for the year ending 30 June 2020 relating to leases:

	2020 \$'000
<b>Total cash outflow for leases</b>	<b>2,943</b>

For any new contracts entered into on or after 1 July 2019, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Authority assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Authority and for which the supplier does not have substantive substitution rights;
- the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Authority has the right to direct the use of the identified asset throughout the period of use; and
- the Authority has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

## 6. HOW WE FINANCED OUR OPERATIONS (continued)

### 6.2 Leases (continued)

#### 6.2.1 Leases (continued)

##### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

##### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

###### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Authority's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

###### Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

##### Short-term leases and leases of low value assets

The Authority has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

##### Below market/Peppercorn lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Authority to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### Presentation of right-of-use assets and lease liabilities

The Authority presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

## **6. HOW WE FINANCED OUR OPERATIONS (continued)**

### **6.2 Leases (continued)**

#### **6.2.1 Leases (continued)**

##### **Recognition and measurement of leases (under AASB 117 until 30 June 2019)**

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Leases of property, plant and equipment where the Authority as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the 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 consolidated comprehensive operating statement.

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

Assets held under other leases were classified as operating leases and were not recognised in the Authority's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

## 6. HOW WE FINANCED OUR OPERATIONS (continued)

### 6.3 Cash flow information and balances

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

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

	2020 \$'000	2019 \$'000
Total cash and deposits disclosed in the balance sheet held by the Authority	43,610	67,476
Total cash and deposits disclosed in the balance sheet held by volunteer units <sup>(i)</sup>	16,898	15,864
<b>Balance as per cash flow statement</b>	<b>60,508</b>	<b>83,340</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

	Notes	2020 \$'000	2019 \$'000
<b>Net result for the period</b>		297	6,586
<b>Non-cash movements</b>			
- (Gain)/loss on sale or disposal of non-current assets		(465)	(611)
- Depreciation of non-current assets		8,669	7,190
- Resources provided free of charge or for nominal consideration		(1,297)	0
<b>Movements in assets and liabilities, net of non-cash financing activities</b>			
- (Increase)/decrease in receivables		6,603	926
- (Increase)/decrease in other non-financial assets		(35,524)	21
- Increase/(decrease) in payables		(2,586)	1,141
- Increase/(decrease) in contract liabilities		1,648	0
- Increase/(decrease) in provisions		143	345
<b>Net cash flows from/(used in) operating activities</b>		<b>(22,512)</b>	<b>15,598</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

Nominal Amounts 2020	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	2,759	0	0	2,759
Other commitments payable	4,902	303	0	5,205
Total commitments (inclusive of GST)	7,661	303	0	7,964
Less GST recoverable				(724)
<b>Total commitments (exclusive of GST)</b>				<b>7,240</b>
<b>2019</b>				
Capital expenditure commitments payable	3,060	0	0	3,060
Operating and lease commitments payable	898	848	77	1,823
Other commitments payable	4,794	806	0	5,600
Total commitments (inclusive of GST)	8,752	1,654	77	10,483
Less GST recoverable				(953)
<b>Total commitments (exclusive of GST)</b>				<b>9,530</b>

Notes:

- (i) Future finance lease and non-cancellable operating lease payments are recognised on the balance sheet.
- (ii) For 2019, 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. These have been recorded on the balance sheet as lease liabilities from 1 July 2019.

### 6.5 Assets pledged as security

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

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

### Structure

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

## 7.1 Financial instruments specific disclosures

### Introduction

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

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

### Categories of financial assets

#### Financial assets at amortised cost

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

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

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

The Authority recognises the following assets in this category:

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

### Categories of financial liabilities

**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); and
- borrowings (including lease liabilities).

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

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

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

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

the rights to receive cash flows from the asset have expired; or

the Authority retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

the Authority has transferred its rights to receive cash flows from the asset, and either:

- (a) has transferred substantially all the risks and rewards of the asset, or
- (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

**Reclassification of financial instruments:** Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Authority's business model for managing its financial assets has changed such that its previous model would no longer apply.

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

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.1 Financial instruments: Categorisation

	Cash and deposits		Contractual financial assets at amortised cost (AC)		Contractual financial liabilities at amortised cost (AC)		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Contractual financial assets</b>								
Cash and deposits	60,508	83,340	0	0	0	0	60,508	83,340
<b>Receivables <sup>(i)</sup></b>								
- Accrued interest income	0	0	0	55	0	0	0	55
- Other receivables	0	0	2,341	752	0	0	2,341	752
<b>Investments and other contractual financial assets</b>								
- Term deposits	0	0	6,700	6,307	0	0	6,700	6,307
<b>Total contractual financial assets</b>	<b>60,508</b>	<b>83,340</b>	<b>9,041</b>	<b>7,114</b>	<b>0</b>	<b>0</b>	<b>69,549</b>	<b>90,454</b>
<b>Contractual financial liabilities</b>								
<b>Payables <sup>(i)</sup></b>								
- Supplies and services	0	0	0	0	3,457	6,138	3,457	6,138
<b>Borrowings</b>								
- Lease liabilities	0	0	0	0	10,411	3,771	10,411	3,771
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,868</b>	<b>9,909</b>	<b>13,868</b>	<b>9,909</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>2020</b>			
<b>Contractual financial assets</b>			
Financial assets – cash and deposits	306	0	306
<b>Total contractual financial assets</b>	<b>306</b>	<b>0</b>	<b>306</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(534)	0	(534)
<b>Total contractual financial liabilities</b>	<b>(534)</b>	<b>0</b>	<b>(534)</b>
<b>2019</b>			
<b>Contractual financial assets</b>			
Financial assets - cash and deposits	1,031	0	1,031
<b>Total contractual financial assets</b>	<b>1,031</b>	<b>0</b>	<b>1,031</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(187)	0	(187)
<b>Total contractual financial liabilities</b>	<b>(187)</b>	<b>0</b>	<b>(187)</b>

Note:

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

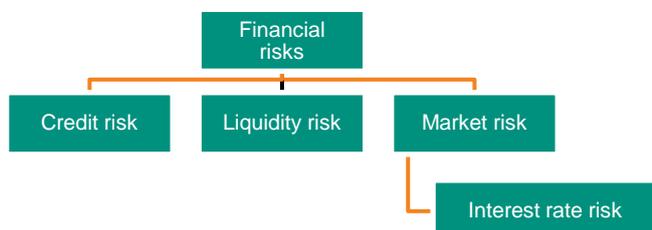
The net holding gains or losses disclosed above are determined as follows:

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.3 Financial risk management objectives and policies



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

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

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

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

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

#### **Financial instruments: credit risk**

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

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

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

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

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

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

There has been no material change to the Authority's credit risk profile in 2019-20.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.3 Financial risk management objectives and policies (continued)

##### Credit quality of financial assets

	Government agencies (AAA credit rating) \$'000	Financial Institutions (AA Credit Rating) \$'000	Total \$'000
<b>2020</b>			
<b>Financial assets</b>			
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>			
Cash and deposits (not assessed for impairment due to materiality)	0	60,508	60,508
Statutory receivables (with no impairment loss recognised)	362	0	362
Term deposits measured at amortised cost	0	6,700	6,700
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>			
Contractual receivables applying the simplified approach for impairment	2,341	0	2,341
<b>Total financial assets</b>	<b>2,703</b>	<b>67,208</b>	<b>69,911</b>

	Government agencies (AAA credit rating) \$'000	Other \$'000	Total \$'000
<b>2019</b>			
<b>Financial assets</b>			
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>			
Cash and deposits (not assessed for impairment due to materiality)	0	83,340	83,340
Statutory receivables (with no impairment loss recognised)	8,499	0	8,499
Term deposits measured at amortised cost	0	6,307	6,307
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>			
Contractual receivables applying the simplified approach for impairment	783	24	807
<b>Total financial assets</b>	<b>9,282</b>	<b>89,671</b>	<b>98,953</b>

##### Impairment of financial assets under AASB 9

The Authority records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Authority's contractual receivables, statutory receivables and its investment in term deposits.

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.3 Financial risk management objectives and policies (continued)

##### Financial instruments: credit risk (continued)

##### Contractual receivables at amortised cost

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

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

	Current \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-5 years \$'000	Total \$'000
<b>30 June 2020</b>						
Expected loss rate (%)	0	0	0	0	0	0
Gross carrying amount of contractual receivables	2,340	0	0	1	0	2,341
<b>Loss allowance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30 June 2019</b>						
Expected loss rate (%)	0	0	0	0	0	0
Gross carrying amount of contractual receivables	624	20	54	6	48	752
<b>Loss allowance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Based on the table above, there are no loss allowances as at 30 June 2020 and 30 June 2019.

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

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

## **7. 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)**

###### **Statutory receivables and investments at amortised cost**

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

The Authority also has investments in term deposits.

Both the statutory receivables and investments in term deposits are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance has been recognised.

###### **Financial instruments: liquidity risk**

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

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in financial markets;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

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

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.1 Financial instruments specific disclosures (continued)

#### 7.1.3 Financial risk management objectives and policies (continued)

##### Financial instruments: market risk

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

##### *Sensitivity disclosure analysis and assumptions*

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

- a movement of 50 basis points up and down (2019: 50 basis points up and down) in market interest rates (AUD).

##### Interest rate risk

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

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

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

Management monitors movements in interest rates as investments approach maturity.

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

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.

## 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

	Interest Rate Exposure				
	Weighted average effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>2020</b>					
<b>Financial assets</b>					
Cash and deposits <sup>(ii)</sup>	0.60%	60,508	5,293	55,212	3
<b>Receivables <sup>(i)</sup></b>					
- Accrued interest income		0	0	0	0
- Other receivables		2,341	0	0	2,341
<b>Investments and other contractual financial assets</b>					
- Term deposits		6,700	6,700	0	0
<b>Total financial assets</b>		<b>69,549</b>	<b>11,993</b>	<b>55,212</b>	<b>2,344</b>
<b>Financial liabilities</b>					
<b>Payables <sup>(i)</sup></b>					
- Supplies and services		3,457	0	0	3,457
<b>Borrowings</b>					
- Lease liabilities	5.37%	10,411	10,411	0	0
<b>Total financial liabilities</b>		<b>13,868</b>	<b>10,411</b>	<b>0</b>	<b>3,457</b>
<b>2019</b>					
<b>Financial assets</b>					
Cash and deposits <sup>(ii)</sup>	1.47%	83,340	4,810	78,527	3
<b>Receivables <sup>(i)</sup></b>					
- Accrued interest income		55	0	0	55
- Other receivables		752	0	0	752
<b>Investments and other contractual financial assets</b>					
- Term deposits		6,307	6,307	0	0
<b>Total financial assets</b>		<b>90,454</b>	<b>11,117</b>	<b>78,527</b>	<b>810</b>
<b>Financial liabilities</b>					
<b>Payables <sup>(i)</sup></b>					
- Supplies and services		6,138	0	0	6,138
<b>Borrowings</b>					
- Lease liabilities	5.16%	3,771	3,771	0	0
<b>Total financial liabilities</b>		<b>9,909</b>	<b>3,771</b>	<b>0</b>	<b>6,138</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>2020</b>			
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	60,508	(303)	303
Investments and other contractual financial assets	6,700	(33)	33
<b>Total impact</b>	<b>67,208</b>	<b>(336)</b>	<b>336</b>
<b>Contractual financial liabilities</b>			
Borrowings <sup>(ii)</sup>	10,411	(52)	52
<b>Total impact</b>	<b>10,411</b>	<b>(52)</b>	<b>52</b>
<b>2019</b>		<b>-50 basis points</b>	<b>+50 basis points</b>
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	83,340	(393)	393
Investments and other contractual financial assets	6,307	(32)	32
<b>Total impact</b>	<b>89,647</b>	<b>(425)</b>	<b>425</b>
<b>Contractual financial liabilities</b>			
Borrowings <sup>(ii)</sup>	3,771	(19)	0
<b>Total impact</b>	<b>3,771</b>	<b>(19)</b>	<b>0</b>

##### Notes:

- (i) Cash and deposits includes a deposit of \$55,212 thousand (2019: \$78,527 thousand) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:
- 2020: \$55,212 thousand x -0.005 = -\$276 thousand; and \$55,212 thousand x 0.005 = \$276 thousand
  - 2019: \$78,527 thousand x -0.005 = -\$393 thousand; and \$78,527 thousand x 0.005 = \$393 thousand
- (ii) Borrowings include nil (2019: nil) that are exposed to floating rate movements.

### 7.2 Contingent assets and contingent liabilities

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

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

#### Contingent assets

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

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

There were no contingent assets as at 30 June 2020 (2019: Nil).

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

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

#### Contingent liabilities

Contingent liabilities include:

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

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

There were no contingent liabilities as at 30 June 2020 (2019: Nil).

### 7.3 Fair value determination

#### *Significant judgement: fair value measurements of assets and liabilities*

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

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

The following assets and liabilities are carried at fair value:

- land
- buildings
- infrastructure
- plant
- equipment

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

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

#### Fair value hierarchy

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

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

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

The Valuer-General Victoria (VGV) is the Authority's independent valuation agency.

The Authority, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.3 Fair value determination (continued)

#### How this section is structured

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

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

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

#### 7.3.1 Fair value determination of financial assets and liabilities

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

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

The Authority currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019-20 reporting period.

These financial instruments include:

<b>Financial assets</b>	<b>Financial liabilities</b>
Cash and deposits	Payables:
Receivables:	<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>	Borrowings:
Investments and other contractual financial assets:	<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 2020	Carry amount as at 30 June 2019	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>
			2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Crown land at fair value								
- Non-specialised land	21,381	20,679	0	0	21,381	20,679	0	0
<b>Total of land at fair value</b>	<b>21,381</b>	<b>20,679</b>	<b>0</b>	<b>0</b>	<b>21,381</b>	<b>20,679</b>	<b>0</b>	<b>0</b>
Buildings and leasehold improvements at fair value								
- Specialised buildings	10,874	10,707	0	0	0	0	10,874	10,707
- Leasehold improvements	8,998	6,976	0	0	0	0	8,998	6,976
<b>Total of buildings at fair value</b>	<b>19,872</b>	<b>17,683</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,872</b>	<b>17,683</b>
Plant, equipment and vehicles at fair value								
- Vehicles	31,206	35,474	0	0	0	0	31,206	35,474
- Plant and equipment	11,087	9,139	0	0	0	0	11,087	9,139
<b>Total of plant, equipment and vehicles at fair value</b>	<b>42,293</b>	<b>44,613</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,293</b>	<b>44,613</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.

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

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

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

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

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (continued)

### 7.3 Fair value determination (continued)

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

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

**Plant and equipment** is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

#### Reconciliation of Level 3 fair value movements

2020	Specialised buildings \$'000	Leasehold improvements \$'000	Vehicles \$'000	Plant and equipment \$'000
<b>Opening Balance</b>	<b>10,707</b>	<b>6,976</b>	<b>31,644</b>	<b>9,139</b>
Purchases (sales)	519	2,628	3,550	3,639
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result:				
- Depreciation	(352)	(606)	(3,988)	(1,691)
- Impairment loss	0	0	0	0
<b>Subtotal</b>	<b>167</b>	<b>2,022</b>	<b>(438)</b>	<b>1,948</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>Closing Balance</b>	<b>10,874</b>	<b>8,998</b>	<b>31,206</b>	<b>11,087</b>
<b>2019</b>	<b>Specialised buildings \$'000</b>	<b>Leasehold improvements \$'000</b>	<b>Vehicles \$'000</b>	<b>Plant and equipment \$'000</b>
<b>Opening Balance</b>	<b>11,214</b>	<b>7,383</b>	<b>31,448</b>	<b>8,665</b>
Purchases (sales)	(144)	229	3,993	1,803
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result:				
- Depreciation	(363)	(636)	(3,797)	(1,529)
- Impairment loss	0	0	0	0
<b>Subtotal</b>	<b>(507)</b>	<b>(407)</b>	<b>196</b>	<b>274</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>Closing Balance</b>	<b>10,707</b>	<b>6,976</b>	<b>31,644</b>	<b>9,139</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

<i>2020 and 2019</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>
<b>Specialised buildings</b>	Current replacement cost	Direct cost per square metre Useful life of specialised buildings
<b>Leasehold improvements</b>	Current replacement cost	Cost per unit Useful life of leasehold improvements
<b>Vehicles</b>	Current replacement cost	Cost per unit Useful life of vehicles
<b>Plant and equipment</b>	Current replacement cost	Cost per unit Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2019.

## 8. OTHER DISCLOSURES

### Introduction

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

### Structure

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

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

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

	2020	2019
	\$'000	\$'000
Compensation for economic loss	16	24
<b>Total ex-gratia expenses</b>	<b>16</b>	<b>24</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.

	2020	2019
	\$'000	\$'000
<b>(a) Net gain on non-financial assets</b>		
Net gain on disposal of physical assets	465	611
<b>Total net gain/(loss) on non-financial assets</b>	<b>465</b>	<b>611</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) from revaluation of long service leave liability <sup>(i)</sup>	(74)	(168)
<b>Total other gains/(losses) from other economic flows</b>	<b>(74)</b>	<b>(168)</b>

Note:

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

## 8. OTHER DISCLOSURES (continued)

### 8.3 Reserves

	2020 \$'000	2019 \$'000
<b>Physical asset revaluation surplus <sup>(i)</sup></b>		
Balance at beginning of financial year	11,981	11,981
Revaluation increments/(decrements)	(178)	0
<b>Balance at end of financial year</b>	<b>11,803</b>	<b>11,981</b>

Note:

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

### 8.4 Change in accounting policies

#### 8.4.1 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Authority's financial statements.

The Authority has applied AASB 16 with a date of initial application of 1 July 2019.

The Authority has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Authority determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the Authority assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 6.2.

On transition to AASB 16, the Authority has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### Leases classified as operating leases under AASB 117

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under AASB 16, the Authority recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Authority recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Authority's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Authority has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## 8. OTHER DISCLOSURES (continued)

### 8.4 Change in accounting policies (continued)

#### 8.4.1 Leases (continued)

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### Impacts on financial statements

On transition to AASB 16, the Authority recognised \$8.970 million of right-of-use assets and \$8.911 million of lease liabilities.

When measuring lease liabilities, the Authority discounted lease payments using its incremental borrowing rate at 1 July 2019.

	2020 \$'000
Total operating lease commitments disclosed at 30 June 2019	1,823
Recognition exemption for:	
- Short-term leases	(65)
- Leases of low-value assets	(28)
Recognition of options expected to be exercised	9,327
Discounted using the incremental borrowing rate at 1 July 2019	(3,532)
<b>Subtotal</b>	<b>7,525</b>
Finance lease liabilities as at 30 June 2019	3,771
Reclassification of prior year finance leases <sup>(i)</sup>	(2,385)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>8,911</b>

Note:

(i) On transition to AASB 16 the Authority identified that in prior periods, motor vehicle assets under finance leases had been recognised at the fair value of the leased assets rather than, where lower, the present value of minimum lease payments, each determined at the inception of the lease. The asset and liability balances have been adjusted to reflect the appropriate treatment as at 1 July 2019. This amount is not material to the financial statements therefore comparative year balances have not been restated

#### 8.4.2 Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Authority has applied the transitional provisions of AASB 15, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Authority applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

Note 2.1 Sales of Services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

#### 8.4.3 Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Authority has applied the transitional provision of AASB 1058, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Authority applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.2.1 Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on other comprehensive income and the Statement of Cash flows for the financial year.

## 8. OTHER DISCLOSURES (continued)

### 8.4 Change in accounting policies (continued)

#### 8.4.4 Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

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

The impact on the Comprehensive Operating Statement and Balance Sheet has been summarised in the following tables.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

Balance sheet	Notes	Before new accounting standards Opening 1 July 2019 \$'000 <sup>(i)</sup>	Impact of new accounting standards – AASB 16, 15 & 1058 \$'000	After new accounting standards Opening 1 July 2019 \$'000
Total financial assets		98,954	0	98,954
Total non-financial assets		88,708	7,525	96,233
<b>Total Assets</b>		<b>187,662</b>	<b>7,525</b>	<b>195,187</b>
Payables and Contract Liabilities		6,231	0	6,231
Borrowings		1,386	7,525	8,911
Other liabilities		6,925	0	6,925
<b>Total Liabilities</b>		<b>14,542</b>	<b>7,525</b>	<b>22,067</b>
Accumulated surplus/(deficit)		82,522	0	82,522
Physical revaluation surplus		11,981	0	11,981
Other items in equity		78,617	0	78,617
<b>Total Equity</b>		<b>173,120</b>	<b>0</b>	<b>173,120</b>

Note:

(i) Includes adjustment to opening finance leases of \$2,385k as described in note 4.1.2

## 8. OTHER DISCLOSURES (continued)

### 8.5 Responsible persons

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

#### Names

The persons who held the positions of Ministers and Responsible Officers in the Authority are as follows:

#### Minister for Police and Emergency Services

The Hon. Lisa Neville, MP 1 July 2019 to 30 June 2020

#### Acting Minister for Police and Emergency Services

The Hon. Benjamin Carroll, MP 20 July 2019 to 20 July 2019  
 The Hon. Jill Hennessy, MP 21 July 2019 to 31 July 2019  
 The Hon. Gavin Jennings, MP 1 August 2019 to 3 August 2019  
 The Hon. Jill Hennessy, MP 29 September 2019 to 13 October 2019  
 The Hon. Jill Hennessy, MP 14 October 2019 to 20 October 2019

#### Board Members

Peter Akers, Chair 1 July 2019 to 7 February 2020  
 Greg Wilson, Chair 18 February 2020 to 30 June 2020  
 Barbara Yeoh 1 July 2019 to 30 June 2020  
 - Acting Chair 8 February 2020 to 17 February 2020  
 Ev Duke 1 July 2019 to 25 October 2019  
 Bernie Cronin 1 July 2019 to 30 June 2020  
 Nina Brooks 1 July 2019 to 30 June 2020  
 Lisa Borowick 1 July 2019 to 30 June 2020  
 Matthew Geerings 18 February 2020 to 30 June 2020  
 Casey Nunn 18 February 2020 to 30 June 2020

#### Accountable Officer of the Victoria State Emergency Service Authority

Stephen Griffin, Chief Executive Officer 1 July 2019 to 30 June 2020

#### 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	2020 No.	2019 No.
\$0 - \$9,999	3	0
\$10,000 - \$19,999	5	6
\$30,000 - \$39,999	1	0
\$40,000 - \$49,999	0	1
\$300,000 - \$309,999	0	1
\$340,000 - \$349,999	1	0
<b>Total numbers</b>	<b>10</b>	<b>8</b>
<b>Total amount</b>	<b>477,592</b>	<b>470,633</b>

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

## 8. OTHER DISCLOSURES (continued)

### 8.6 Remuneration of executives

#### 8.6.1 Remuneration of executives

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

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

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

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

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

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

Remuneration of executive officers (including key management personnel disclosed in Note 8.7)	Total remuneration	
	2020 \$'000	2019 \$'000
Short-term employee benefits	1,057	1,058
Post-employment benefits	102	96
Other long-term benefits	34	46
Termination benefits	0	0
<b>Total remuneration <sup>(i)</sup></b>	<b>1,193</b>	<b>1,200</b>
<b>Total number of executives</b>	<b>6</b>	<b>6</b>
<b>Total annualised employee equivalents <sup>(ii)</sup></b>	<b>5</b>	<b>5</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 8.7).

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

## 8. OTHER DISCLOSURES (continued)

### 8.7 Related parties

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

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

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

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

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

#### Significant transactions with government-related entities

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

- \$59.78 million received from Department of Justice and Community Service (2019: \$60.61m).
- \$5.42 million received from the other state government-related entities (2019: \$5.28m).

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

- the Portfolio Minister,
  - the Hon. Lisa Neville, MP 1 July 2019 to 30 June 2020
- the Governing Board (refer to Note 8.5 for list of Board members)
- the Accountable Officer, Stephen Griffin 1 July 2019 to 30 June 2020
- members of the Senior Executive Team, which includes:
  - Tim Wiebusch Chief Officer Operations 1 July 2019 to 30 June 2020
  - John Casey Director of Corporate Services 1 July 2019 to 30 June 2020

#### Remuneration of key management personnel

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

	2020	2019
Compensation of KMPs	\$'000	\$'000
Short-term employee benefits	858	922
Post-employment benefits	78	81
Other long-term benefits	24	35
Termination benefits	0	0
<b>Total <sup>(i)</sup></b>	<b>960</b>	<b>1,038</b>

Note:

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

#### Transactions and balances with key management personnel and other related parties

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

## 8. OTHER DISCLOSURES (continued)

### 8.7 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, that involve KMPs, their close family members and their personal business interests.

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

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

### 8.8 Remuneration of auditors

	2020 \$'000	2019 \$'000
<b>Victorian Auditor General's Office</b>		
- Audit of the financial statements	79	75
<b>Total remuneration of auditors</b>	<b>79</b>	<b>75</b>

Note:

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

### 8.9 Subsequent events

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

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

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Authority at the reporting date. As the situation and corresponding responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Authority its operations, its future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Authority the results of the operations or the state of affairs of the Authority in the future financial years

## 8. OTHER DISCLOSURES (continued)

### 8.10 Other accounting policies

#### Contribution by owners

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

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

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

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

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

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

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

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

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

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

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

#### **AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material**

This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The Authority has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

The Authority is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

## 8. OTHER DISCLOSURES (continued)

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

#### *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by 1 year to periods beginning on or after 1 January 2023. The Authority will not early adopt the Standard.

The Authority is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Authority's reporting:

- *AASB 17 Insurance Contracts;*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C);*
- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business;*
- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework;*
- *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform;*
- *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia; and*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

## 8. OTHER DISCLOSURES (continued)

### 8.12 Glossary of technical terms

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

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

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

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

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

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

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

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

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

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

**Financial asset** is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right:
  - (ii) to receive cash or another financial asset from another entity, or
  - (iii) 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:
  - (i) 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
  - (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.

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

## 8. OTHER DISCLOSURES (continued)

### 8.12 Glossary of technical terms (continued)

**Financial liability** is any liability that is:

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

**Financial statements** comprises:

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

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

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

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

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

**Interest expense** represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

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

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

## 8. OTHER DISCLOSURES (continued)

### 8.12 Glossary of technical terms (continued)

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

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

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

**Non-financial assets** are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, and intangible and biological assets such as commercial forests.

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

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

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

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

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

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

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

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

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



## 8. OTHER DISCLOSURES (continued)

### 8.13 Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government Authority in the 2019-20 *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.

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<b>Report of operations</b>		
<i>Charter and purpose</i>		
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FRD 22H	Purpose, functions, powers and duties	Page 5
FRD 22H	Nature and range of services provided	Page 5
<i>Management and structure</i>		
FRD 22H	Organisational structure	Page 23
<i>Financial and other information</i>		
FRD 10A	Disclosure index	Page 128
FRD 12B	Disclosure of major contracts	Page 25
FRD 15E	Executive officer disclosures	Page 15-16
FRD 22H	Employment and conduct principles	Pages 10-12
FRD 22H	Occupational health and safety policy	Pages 10 & 46
FRD 22H	Summary of the financial results for the year	Page 69
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FRD 22H	Major changes or factors affecting performance	Pages 29-30
FRD 22H	Subsequent events	Pages 63 & 121
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 24
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 25
FRD 22H	Statement on National Competition Policy	Page 25
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 24
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 25
FRD 22H	Details of consultancies over \$10,000	Page 27
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## Financial Statements

### *Declaration*

SD 5.2.2	Declaration in financial statements	Page 68
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### *Other requirements under Standing Direction 5.2*

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Pages 26 & 74
SD 5.2.1(a)	Compliance with Standing Directions	Page 26
SD 5.2.1(b)	Compliance with Model Financial Report	Page 127

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

FRD 11A	Disclosure of ex-gratia expenses	Page 114
FRD 21C	Disclosure of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	Page 118
FRD 103I (pending)	Non-financial physical assets	Page 70
FRD 110A	Cash flow statements	Page 72
FRD 112D	Defined benefit superannuation obligations	Pages 79 & 81
FRD 114C	Financial instruments – general government entities and public non-financial corporations	Pages 98-108
FRD 119A	Transfers through contributed capital	Page 71

## Legislation

*Freedom of Information Act 1982*

*Building Act 1993 (Vic)*

*Protected Disclosure Act 2012 (Vic)*

*Carers Recognition Act 2012 (Vic)*

*Disability Act 2006*

*Local Jobs Act 2003*

*Victorian Industry Participation Policy Act 2003 (Vic)*

*Financial Management Act 1994 (Vic)*