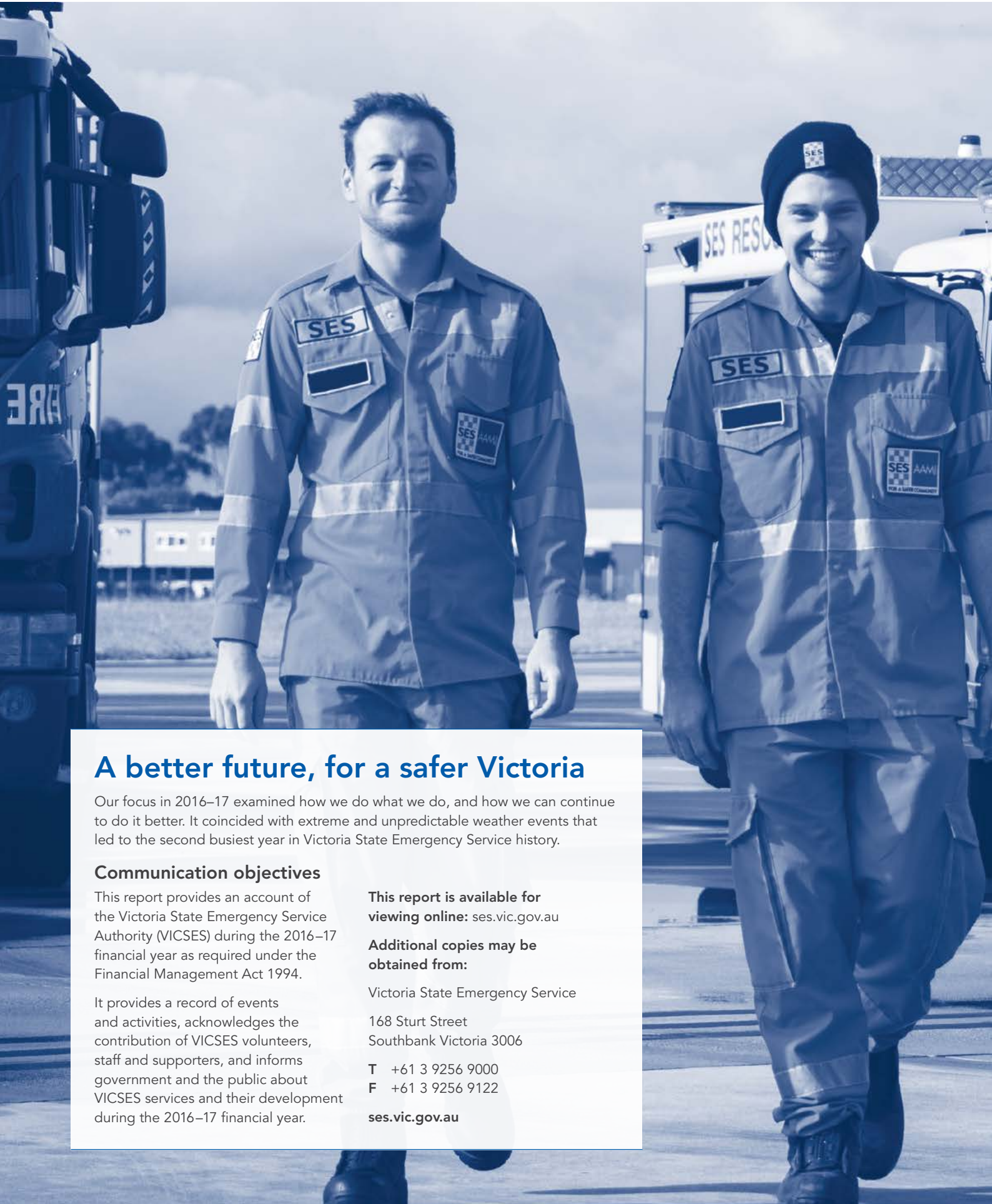




# Victoria State Emergency Service

*Annual Report 2016–2017*





## A better future, for a safer Victoria

Our focus in 2016–17 examined how we do what we do, and how we can continue to do it better. It coincided with extreme and unpredictable weather events that led to the second busiest year in Victoria State Emergency Service history.

### Communication objectives

This report provides an account of the Victoria State Emergency Service Authority (VICSES) during the 2016–17 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 and their development during the 2016–17 financial year.

**This report is available for viewing online:** [ses.vic.gov.au](http://ses.vic.gov.au)

**Additional copies may be obtained from:**

Victoria State Emergency Service

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



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# Year at a glance 2016–17

## Safer communities – together

*We build trust through strong community connections.  
We help communities before, during and after an emergency.*



**5,092**  
VOLUNTEERS

**31,710**

EMERGENCY EVENTS

**16,881**

*in Melbourne & Central Region*

**14,829**

*in regional Victoria*



**23,219**

STORM CALLS



**1,510**

ROAD RESCUE CALL OUTS



**3,571**

FLOOD CALLS



**56**  
UNITS VISITED  
BY HEALTHWATCH



**211**  
STAFF

## HOW WE MEASURE OUR RESPONSE SUCCESS

*From Key performance measures of  
VICSES for Budget Paper 3*



### QUANTITY

the number of members  
(staff and volunteers)



**93%**  
VICSES MET THE  
RESPONSE  
BENCHMARK  
*for road rescue*



**149**  
UNITS



### QUALITY

the number of units and  
personnel trained and  
accredited for road rescue and  
Level 3 Incident Controller



**38%**  
INCREASE  
IN WEBSITE  
USERS



**302,623**  
OPERATIONAL  
HOURS  
IN 2016-2017



### TIMELINESS

the time it takes units to  
respond to road rescues

# About us

## Who we are

*We are more than 5,000 professionally trained volunteers and 211 staff – from all ages, professions and backgrounds.*

Highly skilled and well equipped, our people are trained in a wide range of emergency environments to minimise the impact of emergencies when they occur and strengthen the community's capacity to plan, respond and recover.

Our focus is to develop a resilient Victorian community who knows what to do before, during and after an emergency. This involves building stronger connections between Victorians and the services, systems and structures that support them.

### Our Vision

Safer communities – together

### Our Mission

Partner with the community and other agencies to provide timely and effective emergency services, while building community preparedness and resilience

### Our values

**Integrity** – adherence to moral and ethical principles

**Respect** – esteem for, or a sense of worth or excellence, of a person, a personal quality or ability

**Trust** – the obligation of responsibility – confidence

**Responsive** – ready and receptive to act

**Innovative** – new, different, change



## What we do

*The Victoria State Emergency Service is responsible for leading the emergency management of flood, storm, tsunami, earthquake and landslide.*

Our people play an important role in influencing and supporting community actions and decisions before, during and after emergency events.

### Road rescue

We also comprise the largest road rescue network in Australia. Specialist teams in 102 of 149\* units across Victoria provide a 24/7 response to road accident and trauma incidents.



**Landslide is a new hazard, added in September 2016, to our areas of responsibility.**



### Develop community resilience

Our focus is to develop a resilient Victorian community who knows what to do before, during, and after an emergency. This involves building stronger connections between Victorians and the services, systems and structures that support them.

### Municipal emergency management plans

We also play a vital role between levels of government as the agency responsible for auditing municipal emergency management plans. We work closely with key partners and municipal councils throughout Victoria to develop and improve their emergency management plans, providing advice, information, education 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.

For VICSES, emergencies come in all sizes and scales. Beyond our agency control preparation and response for flood, storm, tsunami, earthquake and landslide, VICSES has broad involvement 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.
- support agency for:
  - search and rescue on land, including caves and on water
  - evacuation
  - incidents involving mass casualties.
- provision of information and advice to the community and government before, during and after emergency events.

## Where we work

We operate 12 permanently staffed offices, including the Victorian Head Office based in Southbank. There are 149\* units operating across Victoria. In 2016–17, VICSES volunteers attended over 31,000 incidents and contributed 302,623 hours of operational time to helping Victorians in trouble.

*\* In 2016–17 we count 149 Units as 141 stand-alone, seven regional support and one state support units.*



# Chair's foreword



*As Chair of the Victoria State Emergency Service Authority Board, it gives me pleasure to provide this report to you.*

Throughout 2016–17, VICSES continued to build upon the improvement program the board and executive initiated through its ambitious 2015–18 Corporate Plan. Our intention is to maintain a powerful and sustainable volunteer and professional organisation that serves Victoria by creating safer communities.

The Authority carries an important mandate. Myself, and the rest of the board, are constantly impressed by the people who dedicate their time to do this crucial work. They are on call 24/7, often putting emergency response to their communities before other priorities, to ensure Victorians stay safe and can recover quickly when an emergency occurs.

Intensive training and regular commitments are involved in being a member of VICSES. Volunteers in particular take on tasks in their units where management, administration and financial know-how are needed. The hidden strength that underpins our emergency response work is a volunteer force that has wide-ranging professional experience. They are skilled people from the local community, serving the local community.

This unique local knowledge and relationships, alongside wide-ranging skillsets, affirm that our people remain the heartbeat of our success.

This year the board continued to place emphasis on the implementation of the Community Resilience Strategy launched in July 2016. This, together with the Service Delivery Strategy review, will help shape VICSES and support our volunteers to best meet the needs of a changing community.

Our relationships with all councils, through the Municipal Association of Victoria, delivered strong progress toward solving funding and service constraints experienced by the service. Most notably, this year saw significant funding allocation in the Victorian State Government budget. We especially appreciate the support and advocacy of the Minister for Emergency Services, Honourable James Merlino MP in achieving this. He also joined us for a board meeting on 20 December 2016.

The board has reviewed the Authority's financial statements for the period 1 July 2016 to 30 June 2017. The net result for the Victoria State Emergency Service Authority for this period was an operating surplus of \$9.698 million.

In addition to my reappointment as Board Chair, the board welcomed Lisa Borowick, a chartered accountant who brings nearly three decades of property development, corporate travel, recruiting, risk management and accountancy experience. She joined in February 2017.

Ev Duke was reappointed to the board in October, and fulfils duties as Deputy Chair of the Risk and Audit Committee.

We farewelled Claire Higgins, who retired on 31 December 2016 after completing her current term, and serving over nine years on the VICSES Board. Claire was Chair from 2010 to 2014, and oversaw the continual improvement of the organisation, leading with vision and clarity.

Other board activities included the privilege of meeting with volunteers, unit controllers, and local government CEOs and mayors in Echuca (22–23 August 2016) and Warrnambool (28–29 May 2017) to listen to and advocate for unit and volunteer needs.

With deep appreciation, I acknowledge the hard work and contribution of all the board members, the Chief Executive Officer, the executive management team, and all our staff and volunteers throughout the year – thank you.

I declare that the attached report of operations has been prepared in accordance with the 2016–17 Model Report for Victorian Government Departments and applicable Financial Reporting Directions relating to non-financial policy and disclosures.

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

**Peter Akers**  
Board Chair

**Melbourne 25 September 2017**



# CEO's report



## *I am pleased to commend our Annual Report 2016–17 to you.*

It has been our second busiest year on record, placing a heavy demand upon our volunteers and staff who work tirelessly to ensure the safety of Victorians.

It is always a pleasure to visit and work with our staff and volunteers – whether at their offices and units, or out in the communities they serve. This year's record number of over 31,000 incidents placed enormous pressure on our volunteers to respond quickly. Every day I witnessed the excellent teamwork and strong relationships between staff and volunteers.

Our entire VICSES organisation provides training and support to our volunteers, ensuring they are equipped, ready to educate the community, act and respond. As our Victorian community grows, the need for more volunteers is evident; however, the dedication and commitment from all our staff and volunteers ensures our community is well served.

I especially want to thank the employers of volunteers. They generously allow our members to respond at all times of the day, particularly during normal work hours. Their support is often hidden from view, but vital for our volunteers to do the work they do. A safe Victoria, after all, involves all of the community. This includes family members, who experience the midnight calls and sudden change in plans that emergencies cause. They deserve our thanks and applause.

During October 2016 an intense period of flooding occurred, particularly in the northern communities of Victoria. For a period of nearly two months, staff and volunteers supported major response efforts to rural communities in Victoria. At the same time, flash flooding events hit Geelong and the Bellarine Peninsula, as well as parts of metropolitan Melbourne. These efforts placed enormous strain on our resource base.

Our commitment to community resilience initiatives is also a feature of our service delivery across Victoria. This involved partnerships with Melbourne Water, and the Department of Environment, Land, Water and Planning (DELWP). These programs, together with our joint initiatives with the Country Fire Authority (CFA), ensure our communities continue to be part of a partnership approach to emergency management.

As our communities change in all ways – demographically, socially, and in needs and expectations – VICSES will innovate and challenge ourselves to engage and work together with our communities in the best way we can.

The strength of our advocacy program to state government, and our partnership approach with the Municipal Association of Victoria, has addressed some of the longstanding funding concerns of our units. The 2017–18 Victorian State Government Budget announcements have addressed the need for capital

works, and the matching funding issue that threatened the financial viability of units. There is more to be done, but this injection of funds is certainly a major step forward for VICSES.

I am also pleased that two of our members were honoured in the Queen's Birthday Honours in June, and three members honoured in the Australia Day awards in January. I congratulate Des Smith (Nhill and Dimboola Units), Neil Warren (Leongatha Unit) and Barbara Yeoh (VICSES Board Director) for their Order of Australia Medals, and Glen O'Donnell (Nillumbik Unit) and Shane Lapworth (Broadmeadows and Whittlesea Units) for their Emergency Service Medals. These awards highlight the commitment and dedication of our members, among many others honoured this year.

We took the next steps in our Service Delivery Strategy. There are now key growth and challenge pilot strategies in place that will allow us to work closely with units and regions to support the work required to ensure a sustainable emergency service.

Finally I wish to thank the board, executive, staff, and volunteers for their dedication and commitment to VICSES to confidently serve the Victorian people.

**Stephen Griffin**  
Chief Executive Officer

# Our board

*VICSES is governed by a board of directors who are accountable to the Minister for Emergency Services.*



## Peter Akers

### Board Chair

Peter joined the board in October 2013, and became Chair in March 2014. He held senior executive roles in emergency services and local government, and holds qualifications in civil engineering, local government and management. Peter is former Chairman and Director of the Australian Fire Authorities Council and the Port Phillip and Westernport Catchment Management Authority (PPWCMA).

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## Barbara Yeoh

### Deputy Chair

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

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## Bernard (Bernie) Cronin

### Director

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



## Evelyn (Ev) Duke

### Director

Ev joined the board in October 2013. Her term finished on 30 June 2016, and she was reappointed on 25 October 2016. Ev became Deputy Chair of the Risk and Audit Committee on 2 May 2017. Ev is the Chief Executive Officer of A&A Worm Farm Waste Systems, and has more than 40 years' experience in executive leadership and business development.



## Nevenka (Nina) Brooks

### Director

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



## Claire Higgins

### Director

First appointed to the board in September 2007, Claire was a member of the Board's Risk and Audit Committee. Claire has worked with major Australian companies OneSteel Limited and BHP Billiton. Claire is Chair of REI Superannuation Pty Ltd, Director of Vital Healthcare Management Limited and of Ryman Healthcare Limited, Non-executive Director at Pancare Foundation Inc., and a Ministerial Delegate at Portland District Health on behalf of the Victorian Government. Claire retired from the VICSES Board on 31 December 2016, on the expiration of her current term.



## Lawrence (Laurie) Russell

### Director

Laurie was appointed to the board in November 2005. A foundation member of the VICSES Wyndham Unit, and a past president of the Victoria Emergency Service Association, Laurie is the current Unit Controller of the Wyndham Unit. Laurie has extensive experience in municipal parks and gardens management in the Cities of Melbourne, Knox, and Wyndham, and the Shire of Sherbrooke. With more than 40 years' experience volunteering with VICSES and the CFA, he understands volunteer issues.



## Lisa Borowick

### Director

Lisa was appointed to the board on 7 February 2017, and to the Risk and Audit Committee on 23 March 2017. Lisa is a Chartered Accountant with more than 27 years' experience in commerce. Her industry experience includes residential property development, corporate travel, recruiting, risk management and accountancy. Lisa spent over 30 years volunteering for not-for-profits, including environmental groups and sporting body Maccabi Australia, attaining National President.

# Our executive



## Stephen Griffin

### Chief Executive Officer

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

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## John Casey

### Director Corporate Services

John became Director Corporate Services in June 2013. He has over 20 years' experience in financial management in the public sector across Commonwealth and State Governments. John worked in senior finance roles including Chief Financial Officer at Fair Work Building and Construction. He is a Graduate of the Australian Institute of Company Directors (GAICD), and is a Certified Practising Accountant (CPA). John leads the Corporate Services directorate encompassing the Finance, Projects, Planning and Risk, Information Services and Assets and Infrastructure business units.

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## Trevor White

### Chief Officer Operations

Trevor was appointed Chief Officer Operations in May 2006 and previously worked at CFA. Trevor is a Graduate of the Australian Institute of Company Directors and qualified with a Graduate Diploma of Business. He leads VICSES Operations, working with other emergency management agencies, providing joint capability and capacity to prepare the community and to deal with emergencies and their consequences. Trevor is a member of the State Control Team, working to provide state level oversight for the management of emergencies.



## Kate White

### Director Community Resilience and Communication

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

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## Katrina Bahen

### Director Human Resources

Katrina has been Director Human Resources since March 2007. Formerly Manager Human Resources at RSPCA Victoria, Katrina has also applied her skills in consultancy roles, particularly in the development and implementation of OH&S Management Systems. With leadership roles in local government, private industry and in the TAFE sector, Katrina now leads and directs VICSES human resource systems including work health and safety, wellbeing and peer support, learning and development, and state-wide volunteer training.

# Corporate governance

*VICSES has developed and proactively maintains a robust corporate governance framework to comply with Victorian State Legislation.*

## Statutory authority, board and structure

### Responsible minister

The responsible Minister is the Minister for Emergency Services.

### Statutory Authority

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

The Victoria State Emergency Service Regulations 2006 were passed in November 2006.

These regulations address the management of issues detailed in the VICSES Act, including disciplinary arrangements for volunteers, training and exercising of registered members, and various other administrative issues.

### Board responsibilities

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

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

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

The board also monitors and influences our culture, reputation, policies and legal compliance.

Decision-making authority on a number of significant matters is reserved to the board. Outside of those areas, the CEO is responsible for the day-to-day management of VICSES. The CEO, together with the VICSES Executive Management Team, is responsible to the board for the development and implementation of our strategy, and the overall management and performance of VICSES.

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

## Board directors attendance at meetings

Details of the number of meetings held by the board and its committees during financial year 2016–17, and attendance by board directors, are set out below:

Board	Board sub-committees		
Board Directors	Board meetings	Risk and Audit Committee	Remuneration Committee
P Akers****	9 (1 <sup>^</sup> during reappointment phase)	5 <sup>^</sup>	2
B Yeoh	9	6	2
C Higgins*	7	4	
L Russell	11		
E Duke**	6 (3 <sup>^</sup> during reappointment phase)	3	
B Cronin	9		
N Brooks	10		2
L Borowick***	3	1	
<b>Total number of meetings held during the financial year</b>	<b>11</b>	<b>6</b>	<b>2</b>

\* Appointment to board ended 31 December 2016.

\*\* Appointment expired 30 June 2016, reappointed 25 October 2016. Appointed Deputy Chair Risk and Audit Committee 2 May 2017.

\*\*\* Appointed to board 7 February 2017 and Risk & Audit Committee 23 March 2017.

\*\*\*\* Fifth term on board ended 31 December 2016.

Committee meetings are open to all VICSES Board Directors to attend. Where a board director has attended a meeting of a committee of which he or she was not a voting member, this is indicated by a <sup>^</sup>.

## Board committees

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

### Risk and Audit Committee

Monitors and advises on matters relating to:

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

### Remuneration Committee

Monitors and advises on matters relating to:

- VICSES policy and practice for executive remuneration
- performance and remuneration of the CEO and executive management team
- succession planning for the CEO and senior management positions.

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

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

### Sub-committee membership at 30 June 2017

Risk and Audit Committee	Remuneration Committee
Barbara Yeoh (Chair)	Peter Akers (Chair)
Claire Higgins (Retired from Committee – 31 December 2016)	Barbara Yeoh
Ev Duke (Appointed Deputy Chair – 2 May 2017)	Nina Brooks
Lisa Borowick (Appointed to the Committee – 23 March 2017)	

## Organisational charts

### Ministerial reporting

#### Minister for Emergency Services

- Emergency Management Victoria (sector-wide coordination)
- Country Fire Authority
- Country Fire Authority Appeals Commission
- Emergency Services Telecommunications Authority
- Metropolitan Fire and Emergency Services Board
- Metropolitan Fire and Emergency Services Board Appeals Commission
- State Crisis and Resilience Council (multi-agency)
- Victoria State Emergency Service

### VICSES structure

#### Chief Executive Officer





## Governing policies

### ICT Governance

In accordance with a Victorian State Government Chief Information Officer Council requirement, VICSES has a dedicated committee to deal with information management matters. The Policy and Information Management Committee ensures VICSES is able to provide a coordinated, strategic approach to dealing with information and data management issues including freedom of information (FOI), records management, data retention, data accuracy, privacy and information security.

### Freedom of information

VICSES is subject to the Freedom of Information Act 1982. During the 2016–17 financial year, VICSES received 25 FOI applications.

In keeping with the spirit of the Freedom of Information Act 1982, VICSES endeavours, where possible, to satisfy requests for information outside of the FOI process.

### Subpoenas

During the last financial year, VICSES responded to three subpoenas for documents.

### Privacy

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

### DataVic Access Policy

In accordance with the DataVic Access Policy issued by the Victorian

Government in 2012, VICSES continues to make public its datasets via [www.data.vic.gov.au](http://www.data.vic.gov.au).

### 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: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

VICSES supports employees and volunteers who disclose such conduct or assist with an investigation through its Protected Disclosure Welfare Policy. Further information about this policy can be obtained from the Information and Records Manager by contacting the VICSES head office.

### Victorian Industry Participation Policy

In accordance with the requirements of the Victorian Industry Participation Policy Act 2003 (Vic) (VIPP), government agencies are required to include a statement summarising their implementation of the VIPP in their annual reports. Financial Reporting Decision 25 specifies that VIPP be reported for contracts valued over \$3 million in metropolitan areas, and \$1 million in regional areas. There were no contracts that fell into the category for the 2016–17 financial year.

### Compliance with the Carers Recognition Act 2012

VICSES has taken all practical measures to comply with its obligations under the Act. These include provisions in the enterprise bargaining agreement and considering the care relationships principles set out in the Act when setting policies and providing service.

### National Competition Policy

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

### Legal advice

VICSES is assisted in aspects of its operations with external legal advice. Maddocks and McKean Park Lawyers were the two main providers of legal services during 2016–17.

### Emergency Service Sector Retention and Disposal Authority

VICSES has worked with other emergency service sector agencies such as Ambulance Victoria, CFA, MFB, Victoria Police and the Public Record Office Victoria to develop a sector-wide records Retention and Disposal Authority, PROS 17/02. This document now enables the lawful disposal of VICSES and other emergency service sector agency records.

### Building Act

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

### Risk management framework and processes

I, Stephen Griffin, Chief Executive Officer, certify that Victoria State Emergency Service has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes.

## Consultancies

Consultant	Service	Fees approved	Amount expended 2016-17	Future commitments
<b>Under \$10,000</b>				
6 consultancies in total				
		44,200.00	44,200.00	-
<b>Over \$10,000</b>				
Centre for Evidence and Implementation	VICSES Community Resilience Strategy	18,750.00	18,750.00	-
CKI Group	ERP Options Analysis	10,500.00	10,500.00	-
CKI Group	Network Health Check and Security Review	21,120.00	21,120.00	-
Data#3	ICT Equipment Current and Future State	49,022.00	49,022.00	-
Essential Economics	Economic Assessment of Activities and Programs	11,960.00	11,960.00	-
Grant Thornton	Unit DRG Status Review	10,500.00	10,500.00	-
Hartley Solutions	FMCF Compliance Review	19,200.00	19,200.00	-
Katrina Murphy Industrial Relations	IR Services	51,471.85	51,471.85	-
Linus Consulting	Business Continuity Management Plan	28,955.68	28,955.68	-
Maddocks	WovG IP Policy Compliance Review	20,044.91	20,044.91	-
Madison Cross	Service Delivery Support System Review	24,000.00	24,000.00	-
Mary Turss	Formvine Feasibility Study	20,000.00	20,000.00	-
Prensa	Contractor Management Gap Analysis	10,240.00	10,240.00	-
The Performance Architects	Facilitate Senior Management Group Development	56,434.09	56,434.09	-
UXC Professional Solutions	BA Consultant	24,360.00	24,360.00	-
Votar Partners	Asset Register Project	22,400.00	22,400.00	-
		<b>398,958.53</b>	<b>398,958.53</b>	-

# VICSES 2015–18 Corporate Plan

*2016–17 marks the penultimate year of the VICSES 2015–18 Corporate Plan.*

We have successfully developed a government and local government engagement and advocacy strategy, launched our community resilience strategy and developed a draft communication framework, which is currently out for stakeholder consultation.

We also completed phase three of the Service Delivery Strategy.

## **Service Delivery Strategy: Planning the future together**

The Service Delivery Strategy focuses on how VICSES intends to meet current and future expectations of our service delivery over the next decade.

In some areas of Victoria we are planning for rapid growth. In other areas we face small or declining communities. These challenges impact numbers of volunteers needed, recruitment, retention, and our ability to sustain viable and thriving units.

We have developed a framework and methodology to assist us to better understand the risk and emerging issues, and guide our thinking on the most effective and efficient ways to deliver services. We have to ensure our capabilities are matched to the changing needs our communities face.

We are developing the flexibility to better allocate resources, and to work together across units. In 2016–17 we reported progress in five shires (West Wimmera, Glenelg, Corangamite, Towong and East Gippsland), and developed planning proposals in six high growth areas in Central Region.



# Key performance measures

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

## We report on:

### Quantity

The number of members (staff and volunteers).

### Quality

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

### Timeliness

The time it takes units to respond to road rescues.

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



# 1,510

ROAD RESCUE CALL OUTS

### Key performance measures of VICSES for Budget Paper 3

Major outputs, deliverables and/or performance measures	Unit of measure	June YTD		
		Target	Actual	% Variation
<b>Quantity</b>				
1. Permanent operational staff*	number	81	83	2%
2. Permanent support staff*	number	84	105	25%
3. Volunteers – operational	number	3,592	3,517	-2%
4. Volunteers – support	number	626	524	-16%
<b>Quality</b>				
5. Road rescue accredited units	number	102	102	0%
6. Level 3 Incident Controller trained staff and volunteers	number	8	8	0%
<b>Timeliness – road rescue</b>				
7. Emergency response times meeting benchmarks	per cent	90%	93%	3%
8. Emergency response times meeting benchmarks	number	n/a	1,000	
9. Total number of emergency responses	number	n/a	1,078	



\*Staff numbers provided for Budget Paper 3 purposes reflect FTE for permanent staff only. This is to align with emergency management sector reporting requirements. For headcount and FTE figures inclusive of casuals, please refer to the staff data table in the 'Our people' section of this annual report.



# Our work

## Operational Capability Strategy Discussion Paper

The Operational Capability Strategy (OCS) will guide the development of our capability with a focus on meeting community needs. It will support our investment decisions to ensure we build a sustainable, agile and effective operational capability for VICSES.

The Operational Capability Strategy Discussion Paper was released for volunteer and staff comment at the end of February 2017. Emergency management partner agencies were asked for their review and comments. Feedback will inform the OCS to establish VICSES longer term goals, and the way to achieve them.

During March and April 2017, 13 discussion sessions were held around the state. Approximately

220 volunteers and staff attended these sessions and provided feedback. Informal feedback was received through social media and staff. Formal submissions were made by five units, 16 individuals and five agencies.

## Operational Communications Enhancement Project

The Operational Communications Enhancement Project (OCEP) will re-shape the way VICSES uses radio communications. It is aligned to the Emergency Management Operational Communications (EMOC) Program administered by EMV.

OCEP has two main components:

- Digital Radio Replacement Project (DRUP) – formerly known as the ACMA (Australian Communications and Media Authority) Compliance

Project. It will replace all VICSES radios (portable, mobile, and fixed station) and transition them onto the Victorian Radio Network (VRN). This network also serves the Country Fire Authority, Victoria Police, Corrections Victoria, and Life Saving Victoria. The new radios and network together will provide VICSES with better features and network access, 24/7 support, and improved exchange and use of information with other emergency services agencies.

- Computer Aided Dispatch (CAD) Enhancement Project – will allow more accurate deployment of resources (units and vehicles), more effective use of GPS features, direct communication with dispatch, more timely and accurate recording of status information, and re-routing of non-critical communications to non-verbal communications paths.

## Volunteer IMT Capability

The volunteer Incident Management Team (IMT) project developed volunteer members to perform IMT roles following the identification of capability gaps.

The project links eligible volunteer members to IMT role pathways, and develops their IMT progression plans in consultation with regional and state staff. State Operations provide advice to facilitate the development of volunteers into IMT roles, including the development of volunteer-friendly training options.

Since February 2017, 85 volunteers have responded to the offer, and 69 of those have started working toward an agreed IMT role.

This involved detailed discussion, review of their personal development plans, and the completion of nominations for EMV courses in: Operations Officer, Situation, Mapping Officer, Situation and Analysis, and Community Liaison.

In addition, volunteers have taken the opportunity to shadow staff in IMTs in their regions to assist them in selection of their preferred IMT role, and regional staff have been updated with the details of volunteer progression so that they can draw from this pool of volunteers when resourcing IMTs.

This project recognises the diverse and valuable skills of our volunteers. It is also an excellent way to retain extensive knowledge gained over long-term volunteering, which may otherwise be lost when a volunteer decides they no longer wish to continue to respond operationally in the field.

## After Action Reviews (AARs)

VICSES undertook a number of AARs during the second half of 2016 after a number of severe storms and floods impacted the state.

The aim of these reviews is to understand the adequacy of readiness arrangements, multi-agency response,

command, control and coordination, assessment of consequences, and provision of immediate relief and recovery support for the event.

These AARs will be used as part of a wider sector Lessons Management and Observations Centre, managed by EMV that will be used to ensure the sector can learn from best practice and drive continuous improvement.

## Community Resilience Strategy

The VICSES Community Resilience Strategy 2016–2019 was launched on Thursday 29 July 2016 by the Hon James Merlino MP, Minister for Emergency Services.

It provides guidance to volunteers and staff on how we can work together to build safer and more resilient communities, by building capacity, increasing collaboration and fostering connections.

Community resilience activity has always been part of the work of VICSES, and a primary value that drives our volunteers and staff. Community engagement is an increasingly important tool for raising awareness and preparing our communities for emergencies.

The strategy establishes a three-year road map. It provides:

- the future design, development, delivery and evaluation of our programs and resources
- accountability to deliver on our strategic outcomes by better understanding community attitudes, key drivers and barriers
- how we will connect with communities before, during and after emergency events
- how we will develop positive partnerships and provide timely, effective reporting to government.

## Evaluation and monitoring

In line with our Community Resilience Strategy 2016–2019, VICSES commenced the development of a framework for measuring our contribution to community resilience across the agency.

To ensure this work is grounded in the evidence base for community preparedness and resilience, VICSES engaged academia and key partners to support VICSES in developing better ways to measure and evaluate how emergency services contribute to building resilience.

These activities will help us better understand the impact of our programs, and help us drive continuous improvement into the future.



# Operations of significance

## Operations terms

### Control agency

A control agency is the primary agency responsible for responding to a specified type of emergency – VICSES is the control agency for flood, storm, tsunami, earthquake and landslide emergencies.

### Assist agency

VICSES may be asked by a control agency to support the response to an emergency by providing essential services, personnel (staff or volunteers), or material that may contribute to the management of the emergency.

### Declared operations

Declared operations are significant events requiring the allocation of resources and personnel for sustained periods to support a response in either a control or support capacity. They are declared by the VICSES Chief Officer.

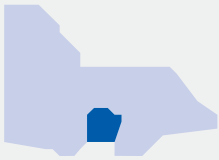
### RFA – Request For Assistance

A request for VICSES to respond to an incident can be made by a member of the public, another agency or an VICSES member.

### Incident

An incident is when a VICSES operational member or crew take an action in response to one or more RFAs (relating to an emergency at a unique location).





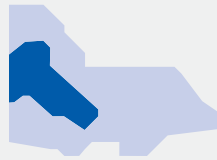
## Central

### Regional office location:

Mulgrave and Sunshine, Melbourne

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

Central Region was instrumental in supporting the Service Delivery Project Team in developing planning proposals for high growth local government areas of Cardinia, Casey, Hume, Melton, Whittlesea, and Wyndham.



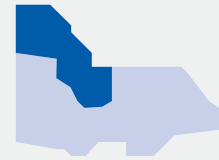
## Mid West

### Regional office location:

Ballarat and Horsham

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

A marked increase to support Victoria Police and Ambulance services in search and rescue of lost, missing or injured people from Grampians National Park, and rope rescues in Arapiles and Grampians National Parks, highlighted the need for increased capacity. Training was increased to meet demand.



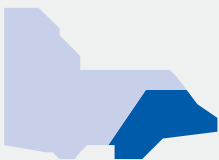
## North West

### Regional office location:

Bendigo and Swan Hill

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

From August to December 2016, North West Region was in declared operations for 105 days straight, for storm and flood incidents, experiencing the largest flooding event since 2010–2011. Their focus on community engagement led to 30 community meetings, with over 3,700 people attending.



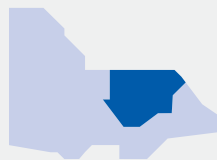
## East

### Regional office location:

Moe and Bairnsdale

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

East Region responded to many complex multi-agency searches for missing persons, the majority in isolated and remote bushland. This included searches above the snowline in East Gippsland, and offshore with marine search and rescue along the South Gippsland coast.



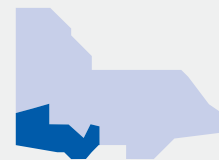
## North East

### Regional office location:

Benalla

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

North East Region Incident Control used powers to remove and construct a levee for the first time in consultation with North East Catchment Management Authority, who authorised works to divert waters. The region also delivered 19 local community flood guides.



## South West

### Regional office location:

Hamilton and Geelong

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

In September 2016, rainfall caused major landslides and closure of parts of the Great Ocean Road near the Wye River, Separation Creek and Kennett River communities. It was the first time VICSES responded as control agency for this type of emergency.

# 2016–17 major events

*These major events threatened Victorian communities in 2016–17:*

## **Severe weather and flooding – statewide event**

*September – December 2016*

Several East Coast low weather systems and sustained rainfall across the state contributed to major flooding that impacted nearly all catchment areas of Victoria in the latter part of 2016.

Significant VICSES resources were involved in managing these flooding events alongside partner agencies such as Victoria Police, CFA, MFB, Ambulance Victoria, DELWP, Department of Health and Human Services (DHHS), and local councils.

These floods caused significant damage to residential homes, community buildings, infrastructure (such as roadway, bridges and drainage systems), and agricultural farmland, including considerable stock losses.

Wodonga Sand Quarries were impacted by floodwaters that led to a potential threat to the interstate gas supply line.

Multiple landslides occurred along the Great Ocean Road, which caused significant tourism and economic impacts to the local areas.

## **Agency support – South Australia severe storms**

*28 September – 9 October 2016*

On Wednesday 28 September, South Australia was impacted by multiple severe storms that saw them experience a ‘black system’ event, where power was lost to the entire state. Multiple RFAs relating to trees down and building damage resulted.

The South Australian State Emergency Service sought assistance from Victoria’s EMV. A multi-agency taskforce of VICSES and CFA personnel was deployed.

## **Severe weather**

*9–13 October 2016*

On Sunday 9 October 2016, damaging winds impacted areas of Metropolitan Melbourne with wind speeds averaging 50–60km/h and gusts peaking at 120km/h. The resulting damage was widespread, with areas north of Melbourne and in the Yarra Valley and Dandenong Ranges severely impacted.

The severe winds and storm caused damage to homes, roads, buildings and infrastructure, with fallen trees and debris a large cause of this damage. There were also major power outages across Melbourne that resulted in 90,000 properties affected for a significant period. Power companies were engaged in ongoing restoration,

which took up to 13 October to restore for most, and longer for several hundred remaining affected properties.

In total, emergency services received 3,616 RFAs over a three-day period with a multi-agency response provided by VICSES, CFA, DELWP and MFB to manage the huge peak.

## **Severe weather – Sunraysia**

*11 – 18 November 2016*

Severe thunderstorms tracked across the Mildura district, with Merbein and Red Cliffs areas heavily affected. The Mildura Airport received 29mm of rain in 15 minutes, and reports of a mini tornado impacting the area were confirmed by the Bureau of Meteorology (BOM). VICSES responded to over 660 RFAs, mainly involving significant building damage and trees down.

## **Severe weather**

*29 – 31 December 2016*

On 29 December a severe thunderstorm event occurred, with heavy rainfall experienced across part of the state. Melbourne metropolitan area was significantly impacted. Mt Hotham received 160mm of rain over a nine-hour period. VICSES responded to almost 2,000 RFAs, and led a multi-agency response with CFA and MFB.

**Assist agency – Victoria Police***21 – 22 February 2017*

VICSES volunteers and staff provided support and assistance to Victoria Police, MFB and Ambulance Victoria in response to an aircraft accident involving a Beechcraft King Air that crashed into buildings at Essendon Direct Factory Outlet, killing all five people on board.

**Assist agency – DEDJTR, Anthrax outbreak***16 March – 14 April 2017*

Level 2 Incident Control Centre opened in Swan Hill to assist Department of Economic Development, Jobs, Transport and Resources (DEDJTR) in managing an anthrax outbreak.

**Severe weather***20 – 22 March 2017*

Severe thunderstorms occurred across the state, which generated over 500 RFAs. Areas impacted by flash flooding, storm and rain damage include Yea, Hamilton, Port Fairy, Bendigo, Beechworth, Ballarat, Geelong/Bellarine Peninsula, and the eastern side of Melbourne. The Yea Hospital was struck by lightning, resulting in minor building damage while flash flooding struck High Street, causing damage to eight commercial properties. Geelong and Dandenong Incident Control Centres (ICC) both activated to assist with managing this event.

**Severe weather***27 – 29 March 2017*

Severe weather impacted the state, generating over 600 RFAs with a majority of damage caused by trees that had fallen down on buildings and roads. Wodonga and surrounding areas in northeast Victoria were the most heavily impacted, with over 200 RFAs recorded. The Wodonga ICC was activated with a multi-agency response.

**Agency support – Queensland Cyclone***April 2017*

Severe Tropical Cyclone Debbie impacted large areas of the Queensland coast, bringing heavy rainfall, flash flooding and damaging winds to a widespread area, including Bowen, Airlie Beach, Mackay and Hamilton Island. At the request of the Queensland Government, VICSES deployed several Incident Management Team members to assist with the response and recovery efforts.

**Severe weather***24 – 25 April 2017*

South Barwon, Geelong and Bellarine areas were impacted by a storm front that crossed the region on 24 April, causing widespread flash flooding and building damage. Flash flooding damaged 153 properties, a reservoir in a housing estate was at risk of overtopping, and small rock falls occurred on the Great Ocean Road near Lorne.

*In the 2016–17 financial year, VICSES members responded to over 31,000 incidents.*

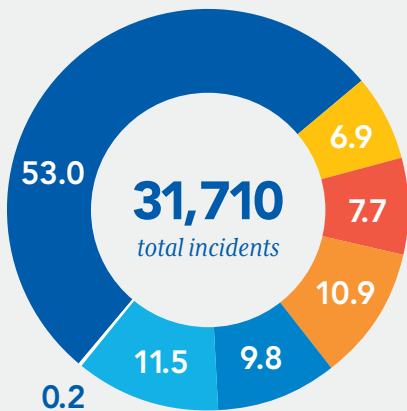
Of those, almost 85 per cent were related to storm and flood damage. VICSES is the control agency for flood and storm emergencies (as well as earthquake, tsunami and landslide), leading the response to the emergency incident in an all communities, all emergencies framework. VICSES was active in all areas of emergencies from the State Control Centre, to Regional and Incident Control Centres, through to Divisional Control Centres and on-the-ground unit activities.

VICSES operated as a support agency, assisting Ambulance Victoria, CFA, MFB, Victoria Police, and other control agencies as they dealt with emergencies ranging from search and rescue of missing persons, managing of environmental emergencies such as blue green algae and anthrax, to fire response. The charts on pages 28–29 show the detailed breakdown of incident responses during 2016–17.

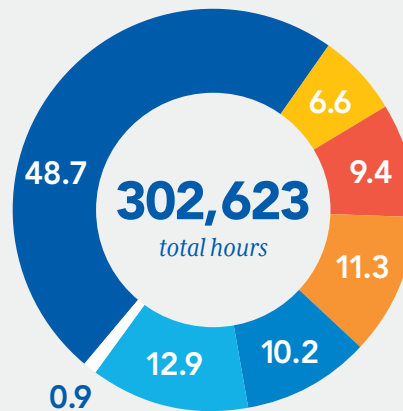


In 2016–17, 53 per cent of all incidents occurred in the Central Region – that is, Melbourne metropolitan and outer metropolitan areas.

2016–17 Incidents by region (%)



2016–17 Hours by region (%)



■ VHO\*  
 ■ south west  
 ■ north west  
 ■ north east  
 ■ mid west  
 ■ east  
 ■ central

\*Victorian Head Office

### 2016–17 Incidents / Hours

	Storm	Flood	Earthquake	Rescue Other	Support other agency	Non-ops tasks	RAIR Rescue	Total for region	%
Central	13,122 88,953	1,737 13,864	0	273 607	677 9,459	504 30,855	492 3,663	16,805 147,401	53.00% 48.71%
East	1,436 5,425	171 2,532	0	58 240	144 1,651	164 8,317	201 1,788	2,174 19,953	6.86% 6.59%
Mid West	1,836 10,856	261 3,794	0	29 627	156 4,017	75 7,800	83 1,428	2,440 28,522	7.69% 9.42%
North East	2,248 12,351	362 5,998	0	82 888	296 3,969	254 8,745	220 2,343	3,462 34,294	10.92% 11.33%
North West	2,121 16,147	385 3,723	0	60 872	166 1,725	139 5,708	242 2,595	3,113 30,770	9.82% 10.17%
South West	2,359 21,028	645 5,475	0	76 809	173 1,757	115 7,268	272 2,717	3,640 39,054	11.48% 12.91%
VHO*	23 209	20 575	1 0	0 0	15 908	14 756	3 181	76 2,629	0.24% 0.87%
<b>Total</b>	<b>23,145</b> <b>154,969</b>	<b>3,581</b> <b>35,961</b>	<b>1</b> <b>0</b>	<b>578</b> <b>4,043</b>	<b>1,627</b> <b>23,486</b>	<b>1,265</b> <b>69,449</b>	<b>1,513</b> <b>14,715</b>	<b>31,710</b> <b>302,623</b>	<b>100.00%</b> <b>100.00%</b>

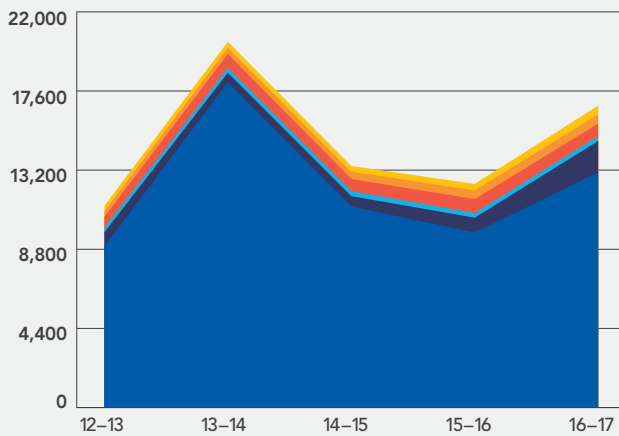
\*Victorian Head Office

Incidents and hours tables: Percentage of total incident responses by VICSES region.

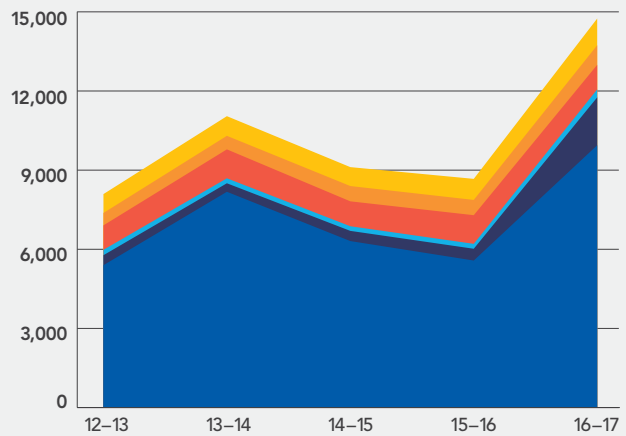
## Number of incidents – five-year trending

The five-year trend for incident responses by region is shown in the chart below.

Central and VHO



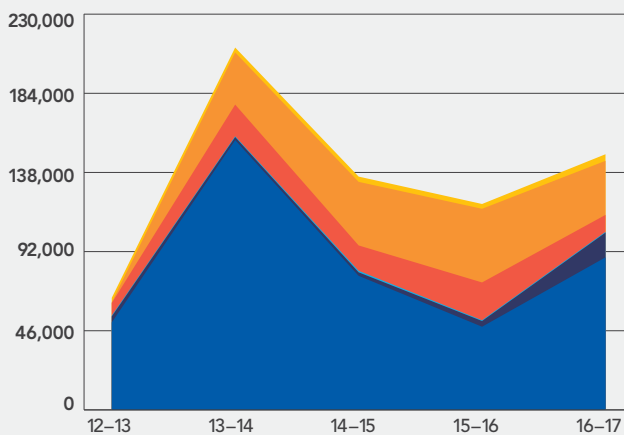
Other regions



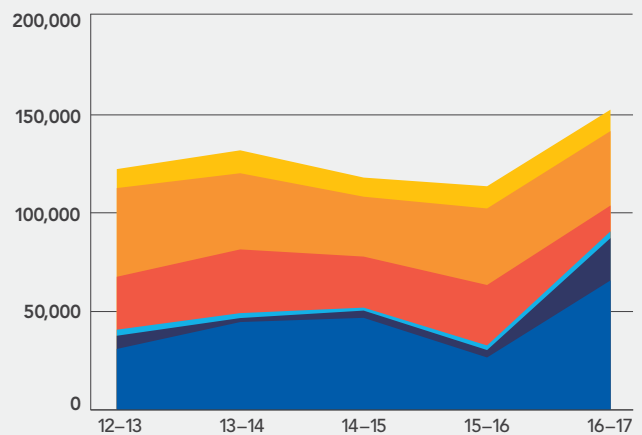
## Number of hours – five-year trending

The chart below shows the trends in hours to respond over five years from 2012-13 to 2016-17

Central and VHO



Other regions



■ Storm   
 ■ Flood   
 ■ Rescue Other   
 ■ Support Other Agency   
 ■ Non-ops Tasks   
 ■ RAIR Rescue   
  Earthquake

*Note: Earthquake incident and hours data too small to be represented graphically.*



# Our people

*We have more than 5,000 volunteers and 211 employees – of all ages, professions and backgrounds – who have a shared desire to make a difference to all Victorians.*

Our people – volunteer and paid – are professional, highly trained and dedicated to their mission of making their local communities safer.

## Volunteers

We have more than 5,000 volunteers across 149 units that are highly skilled, well equipped, and trained comprehensively in a wide range of emergency environments. We engage directly with communities, supporting them on how best to prepare for emergencies; minimise impact when they occur; and strengthen the capacity to recover swiftly and safely.

Our volunteers provide on-the-ground support in emergencies from responding to natural disasters such as flood, storm, earthquake, tsunami, and landslide, to road rescue, supporting other emergency service organisations and in assisting their units in undertaking roles in finance, media, incident management and community education.

## Our volunteer member count

### Breakdown of active volunteers

	Male	Female	Volunteers (number)
<b>Operational</b>			
Controller	123	26	149
Deputy Controller	206	65	271
Unit Officer	229	118	347
Member Ordinary	1,963	787	2,750
<b>Subtotal</b>	<b>2,521</b>	<b>996</b>	<b>3,517</b>
<b>Non-operational</b>			
Associate member	181	223	404
Probationary member*	326	198	524
Junior member	28	21	49
<b>Subtotal</b>	<b>535</b>	<b>442</b>	<b>977</b>
<b>Total Active Volunteers</b>			<b>4,494</b>

**76**  
**UNITS**  
**HAVE A FEMALE**  
**CONTROLLER**  
*or deputy controller*

### Breakdown of non-active volunteers

	Male	Female	Volunteers (number)
Non-active volunteer	240	126	366
Volunteer on leave	150	82	232
<b>Total Non-Active Volunteers</b>	<b>390</b>	<b>208</b>	<b>598</b>

\*The BP3 on page 21 equates probationary members as 'Volunteer-support'.

## Staff

*We operate out of six regions across Victoria.*

Regional and metropolitan employees provide a crucial role in connecting and building relationships with local government, other agencies, businesses, and community. These connections ensure our operations are more effective, and that we are better able to manage, plan for and respond to incidents, collaborating closely with our networks in the region.

Our twelve strategic office locations provide local units with vital access to materials, training, and other support as necessary. This ensures volunteers can more effectively serve their community.

Each office executed and supported state-wide initiatives such as the service delivery project, implementing training, floodplain management activities, supporting the development of flood guides, and involvement in emergency planning and community resilience activity.

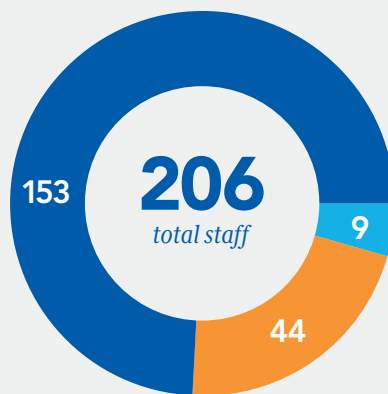
At June 2017, VICSES workforce numbers stood at 211 employees.

The tables below provide a breakdown of age, gender, and classification.

Note that this year (2016–17) the VICSES headcount has been calculated to include fixed term and casual employees.

### Our staff member count

June 2016 (headcount)



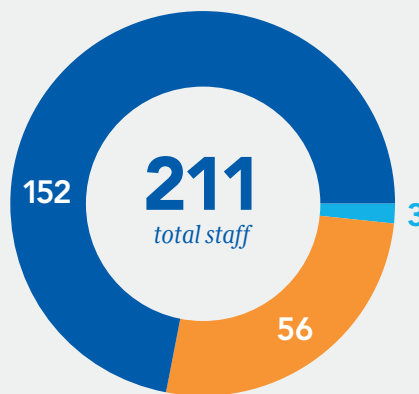
#### Ongoing staff

FTE: 158.5

#### Fixed term and casual staff

FTE: 31.4

June 2017 (headcount)



#### Ongoing staff

FTE: 153.6

#### Fixed term and casual staff

FTE: 44.4

■ Fulltime    ■ Part-time    ■ Fixed term and casual



## Employee gender, age and classification breakdown

		June 2017			June 2016		
		Ongoing		Fixed term and casual staff	Ongoing		Fixed term and casual staff
		Staff (headcount)	FTE	FTE	Staff (headcount)	FTE	FTE
Gender	Male	129	101.8	21.9	122	102.6	12.6
	Female	82	51.8	22.5	84	55.9	18.8
Age	Under 25	5	2.0	1.0	3	0.0	0.4
	25-34	33	21.8	5.8	39	29.4	5.8
	35-44	58	29.3	16.8	51	35.0	12.4
	45-54	63	43.9	11.9	71	58.1	9.4
	55-64	46	32.0	7.7	38	33.4	3.3
	Over 64	6	4.6	1.2	4	2.6	0.4
Classification	VPS 1	0	0	0	0	0	0
	VPS 2	27	10.6	6.0	32	13.2	8.9
	VPS 3	46	28.0	11.8	43	32.8	6.4
	VPS 4	74	48.9	20	71	58.9	10.4
	VPS 5	40	25.3	4.6	37	32.0	4.7
	VPS 6	19	15.8	2.0	18	16.6	1.0
	Executives	5	5.0	0	5	5.0	0

## Work, health and safety

### A resilient community involves building resilience in people.

This applies to our workforce. At VICSES we help people stay safe, and continually find ways to improve how we do that. Importantly, healthy, well-trained, safety-aware people take fewer risks. They prepare better, avoid mistakes, and look after their colleagues and, in doing so, ensure they can better help the communities they serve. When things go wrong, we work to provide high-quality physical and mental health support that gets people back to work, and family, quickly and safely.

### Statewide Work Health and Safety Report

	2013-14	2014-15	2015-16	2016-17
<b>Number of incidents and hazards</b>	374	312	358	262
<b>Hazard reporting rate*</b>	1.76	2.36	2.58	1.28
<b>Incident reporting rate*</b>	5.49	4.99	4.93	4.31
<b>Number of standard claims</b>	41	29	20	27
<b>Number of lost time claims</b>	26	18	15	21
<b>Average cost per standard claim**</b>	\$6,451.00	\$1,842.00	\$14,481.00	\$3,786.00
<b>Claims reporting rate*</b>	0.5	0.42	0.31	0.445
<b>Fatality claims</b>	0	0	0	0
<b>Volunteers and staff who received training</b>				
<b>Staff</b>	8	39	28	199
<b>Volunteer</b>	438	369	359	1,188***

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

\*\* Calculated on actual cost.

\*\*\* Data includes Pre-Incident Awareness Training and new training programs for 2016-17.

In 2016-17 Work, Health and Safety (WHS) introduced a new suite of training programs. Over 1,000 members participated in safety learning activities, including incident investigation training, mental health, dynamic risk assessment, bullying prevention and safety leadership. These programs provide a thorough understanding of the investigation process, and methods for investigating incidents and accidents throughout the organisation.

## Safe workplace initiatives

- **SafeGate risk register:** Provides an online platform for the management of risk across the organisation. Twenty high-risk activities have been assessed this financial year, reducing the risk exposure for VICSES members.
- **Safe Work Method Statements (SWMS) for training activities:** A risk-based assessment of training activities breaks down training activities into individual tasks, allowing the identification of specific risks and controls.
- **SafeGate audits:** The completion of workplace inspections increased by 28 per cent through the use of an audit app, supported by training and promotional activities. The audit app provided workflows and reminders to assist in the timely resolution of identified hazards.
- **Asbestos register:** A clear picture of asbestos exposure in VICSES buildings is now available through the newly developed asbestos register.
- **Vehicle layout ergonomic assessments:** We developed a new design for rescue vehicles based on ergonomic principles. This design is intended to reduce the risks associated with hazardous manual handling, providing easier access to equipment, and ensuring the layout of rescue vehicles was accessible to all members.

## Health and wellbeing

VICSES delivered health and wellbeing programs funded by the Victorian Government Valuing Volunteers Program to provide physical, mental, nutritional, and general health. This included the successful VICSES Step Challenge, with a record number of units and members participating, and a massive 95 million cumulative steps recorded. VICSES also participated in November to raise awareness for men's health, and RUOk Day to raise awareness about mental health.

## Mental health

Three main principles underpin VICSES's mental health approach:

1. Information and education to promote resilience and wellbeing.
2. Support for early identification and intervention.
3. Access to services for counselling and referral for members that require mental health support.

Staff and volunteers had the opportunity to participate in Mental Health First Aid (36 participants) and Pre-incident Awareness Training (includes Critical Incident Stress Management and Building the Team for Resilience).

Our early identification and support interventions included: Peer Support, Employee Assistance Program, Workplace Support Services, and Return To Work support services. A record number of Volunteer Peers / Chaplains (61) have been trained to provide a first line of assistance, psychological first aid, and basic crisis intervention to fellow volunteers to lessen the impact of critical incidents.

## Healthwatch

Healthwatch delivers free and confidential health checks to VICSES volunteers and their families. This year the program recruited a new team of assessors. Programs targeted behavioural change to prevent and / or manage chronic disease. Four main topics were incorporated into the existing Healthwatch program: back and joint care, functional movement, nutrition for energy and immunity, and sleep and mindfulness. VICSES is recognised as an organisation committed to creating a healthy workplace through the Cancer Council Achievement program.



**56 UNITS  
VISITED BY  
HEALTHWATCH**

## Partnerships and research

Our strong partnership with other agencies in Victoria resulted in statewide coding for incidents and hazards, enabling real-time monitoring and evaluating during operations and a common platform for sharing incident trends and analysis.

We also continued our partnerships with:

- **Beyond Blue (part-funded from Bushfire Natural Hazards Cooperative Research Centre):** National Mental Health and Wellbeing survey of Police and Emergency Services
- **Black Dog Institute (in partnership with Beyond Blue) – Headgear:** tested an app designed to build mental fitness in 30 days (helping to build resilience, wellbeing, and reduce risk of mental health problems)
- **Pilot study by Central Queensland University (CQU):** undertook female-focused research into the impact of on-call for emergency service staff and volunteers. This was developed by CQU after feedback we had from female volunteers following a previous on-call study that was male-focused.

## Training

*VICSES is a Registered Training Organisation (RTO), and is committed to meeting the requirements of the Australian Qualifications Training Framework (AQTF) standards for RTOs.*

The AQTF is the national set of standards that assures nationally consistent, quality training and assessment in the vocational education and training system.

VICSES members participated in a range of learning activities that build the skills and knowledge needed to perform their roles in rescue, incident management, community engagement, and unit support.

There were 6,127 nationally accredited statements of attainment issued to members this financial year.

### **The most popular programs attended by members were:**

1. First Aid CPR – 1,479
2. Safe Work at Height System – update – 1,031
3. Peer Support Critical Incident Stress Awareness (CISA) – 687
4. Working Safely at a CFA Incident (delivered by CFA) – 621
5. Emergency Vehicle Status Briefing – 565
6. General Rescue Fundamentals – 491
7. General Rescue Skills – 420
8. First Aid full course – 403
9. Work Health and Safety Essentials – 282
10. Chainsaw Operator – 223.

In addition, 140 members completed the Road Rescue training course.

### **Trainers and assessors**

259 members are endorsed to deliver accredited training. Endorsed members hold the training and assessment qualification or equivalent, as well as holding national competencies in the competency they train in. 24 members were added to the VICSES Register of Trainers and Assessors this year.



### Safe Work at Height System training

In support of State Operations, the year saw an update of the training resources for providing members with the knowledge and skills to work safely at heights, using the revised Safe Work at Height System.

In addition to updating the training materials, training videos were produced to complement the induction of members to the new system, which has enhanced interoperability with other agencies due to a common system now being used across VICSES, CFA and MFB.

### Rescue Boat Training program review

Rescue Boat Training is an important program for VICSES as the control agency for flood emergencies. The year saw a review completed of the training to support skills development for members in the use of rescue boats during floods and search operations.

After extensive consultation with members, three new training programs were identified to replace the existing two programs. This will see the introduction of a new deckhand role that can be achieved through a training program that units can self-manage, to improve operational capability.

### Operational Member Induction

Welcoming new members to VICSES is an important step towards valuing the contribution volunteers make to their community. In support of this, a new Operational Member Induction training program was designed to reinforce the expanding role of operational members performing activities that improve community resilience, allow VICSES to respond to emergencies, or assist communities to recovery from emergencies.

The online training program is designed to help new members understand their role within VICSES, as well as the opportunities they will have for skills development to contribute to a range of roles over their time as a volunteer.

### Preparation for the VICSES Training Portal

The new VICSES Training Portal will see a transformation in how members access training opportunities to help address limitations in the availability of training, due to the reliance on traditional delivery methods.

The range of digital content was increased during the year to realise these benefits, and to transfer to use of the portal by all members, any time of the day and week.

Program reviews conducted during the year also took into account the need to convert training content for delivery, using online methods during the process of redesigning training materials.

### Joint agency Road Rescue Learner Resource

As the largest provider of road rescue in Victoria, VICSES took a lead role in reviewing the training program learner resource. Drawing upon feedback and data from road rescue capability reviews conducted with units, the learner resource was updated to align to contemporary road rescue techniques, aimed at improved casualty outcomes during rescue operations.

The process included extensive consultation with CFA as the other major road rescue provider in Victoria to develop a revised joint agency resource.

### First Aid Training

St John Ambulance commenced delivery of first aid courses across the state. The course has standardised training content that is delivered across both VICSES and CFA. A total of 1,499 members were trained by St John Ambulance this year.



# Our relationships

**38% INCREASE  
IN WEBSITE USERS**

**286,242**

*visitors*

**804,180**

*page views (25% increase)*



**1.95**

**PAGES BROWSED  
PER AVERAGE SESSION**



**1.28**

**MINUTES PER  
AVERAGE SESSION**

## Digital

Victorians increasingly look to online and mobile devices as their preferred means of communication. VICSES communicates through the public website ([ses.vic.gov.au](http://ses.vic.gov.au)) and social media.

VICSES upgraded our website platform to allow content to be read easily and be responsive to mobile devices. This is crucial to reach our audience with 50 per cent of users accessing our public website via mobile during 2016–17.

## Social media

Compared to 2015–16, Facebook likes on the public page increased by 20 per cent, and active members on the private volunteers group increased to 1,291. Twitter followers increased by 53 per cent. Activity on our public social media channels spiked significantly during the year, coinciding with the flood events of spring 2016 and January 2017 storms.

Social media was the primary channel for campaigns, including Driver Reviver (11 April), Wear Orange Wednesday (10 May) and 15 to Float (19 June).

## Media training

Across the state, 37 volunteers participated in the Media Awareness Program and 41 volunteers participated in the Media Liaison Officer course, taking the total number of trained Media Liaison Officers to 135. These programs ensure consistency and clarity during emergencies, and professionalism in media messaging.

**135**  
**TRAINED MEDIA**  
**LIAISON**  
*officers*

## Community Engagement Facilitator training

Volunteers are vital to strengthening the resilience of our communities. We conducted nine Community Engagement Facilitator courses, training more than 30 participants. This year VICSES revised the training available to our engagement volunteers. The Community Connections team partnered with volunteers, regional staff, and state training to plan a role and training pathway that is contemporary, complies with national standards, and provides opportunities for development.

## CFA and VICSES collaborations in community engagement

August 2016 saw the second annual CFA/VICSES Community Engagement and Hazard Awareness forum in Lorne, providing an invaluable opportunity for our engagement volunteers to grow their skills and expertise.

We further enriched our relationship with CFA, with the rollout of a new joint training package, assisting units and brigades in engaging with Culturally and Linguistically Diverse (CALD) communities, and further collaboration in the Disaster Resilience Partnership Project with Victorian schools.

## Victorian Floodplain Management Strategy program

VICSES entered into a partnership agreement with the Department of Environment, Land, Water and Planning (DELWP) to deliver the various actions and accountabilities assigned to VICSES under the Victorian Floodplain Management Strategy. The strategy supports Victorian communities, business and government agencies to be aware of flooding, and actively take measures to manage their flood risk to mitigate the consequences to life, property, community wellbeing and the economy.

## VICSES and Melbourne Water partnership

2016–17 marks nine years of partnership with Melbourne Water. This strong relationship ensures that we work closely to engage with households in high-risk flood prone areas, to make community members aware of flood hazards and know what action they can take to prepare their properties. Highlights include running exercises involving key stakeholders, from local government representatives to other Emergency Service personnel, community members, and VICSES

volunteers to better understand and be able to implement the Municipal Flood Emergency Plans.

Ongoing involvement within the identified 52 high to very high flood risk communities in Melbourne included a campaign of 2,451 doorknocks, a number of community forums, and community information sessions in the areas.

Ongoing involvement with the Koori and CALD communities continues to further strengthen community disaster awareness.

## Campaigns

### 15 to Float



The 15 to Float campaign was launched as a one-week online video, social media, radio and print media campaign in June 2017. It can take as little as 15 centimetres of water for a vehicle to lose traction, become unstable or start to float. Approved by the Government Advertising Committee, VICSES spent \$139,029.56 +GST.

### Insure it, it's worth it

Encouraging the uptake of adequate house and household contents insurance, DHHS were supported by VICSES, CFA and MFB in the creation and implementation of this campaign.

## Sponsorships and partnerships

VICSES is very grateful for the ongoing support of the entire Victorian community for its contribution to services and programs we provide. We rely heavily on financial and in-kind support from a range of sources – including government, business and individuals – and continue to develop and grow these collaborative partnerships across a variety of important programs.

**Partner / primary programs supported**

**AAMI** / Principal Community Partner, including support of Emergency Equipment and Community Engagement Programs

**Transport Accident Commission (TAC)** / Road Rescue and Driver Reviver Programs

**Department of Environment, Water, Land and Planning (DEWLP)** / Victorian Floodplain Management Strategy Program

**Melbourne Water** / Community Flood Education and Planning Program

**Bunnings** / Volunteer Unit Fundraising Program

**Good2Give** / Volunteer Unit Fundraising Program

**MEMP Audit Review**

Under the Emergency Management Act 1986, VICSES is required to audit every Municipal Emergency Management Plan (MEMP) at least once every three years.

In early 2017, VICSES completed a review of the audit material in consultation with key partners, including Victoria Police, DHHS, the Municipal Association of Victoria, and several individual councils. This review has been very positively received by our MEMP auditing stakeholders.

**State Emergency Response Plan (SERP) sub-plans**

VICSES developed and published hazard specific sub-plans for VICSES hazards, including flood, storm, tsunami and earthquake.

**Community Emergency Risk Assessment (CERA) Findings Report**

VICSES developed CERA 2.0 in 2013, and has now completed the rollout of this product throughout the state. Eighty-one of a total of 85 local government entities have now participated in a CERA assessment, with a findings report scheduled to be published in July 2017 to outline the CERA process and summarise the risks identified by all participating municipalities.

**Public information and warnings**

During operational response to extensive flooding in late 2016, VICSES successfully transitioned to the new multi-hazard warnings platform Emergency Management Common Operating Picture (EM-COP) Public Publishing, which publishes all public information and warnings issued to the community via VicEmergency ([emergency.vic.gov.au/respond](http://emergency.vic.gov.au/respond)). This involved the training of 75 VICSES personnel, and transitioning of close to 50 warnings templates for VICSES hazards and sub-hazards.

VICSES has led the expansion of the CFA/DELWP Warnings and Advice Duty Officer (WADO) roster, which now includes VICSES and is likely to extend to a multi-agency support roster for the sector. This relationship enhances the way we deliver public information and warnings to communities, and strengthens a collaborative and multi-agency approach.

**Academic Collaborations**

We work with academic partners to inform our programs:

- the Bushfire and Natural Hazard Collaborative Research Centre (BNHCRC). VICSES is involved in three BNHCRC projects
- the School of Geography at the University of Melbourne, supporting Community Engagement for the Disaster Risk Reduction project, utilising one-on-one engagement methodology to influence behaviour change, and build community resilience
- the Centre for Evidence and Implementation at the University of Melbourne, assisting VICSES to develop community resilience indicators, to later measure the outcomes of programs that focus on building community resilience
- Monash University Disaster Resilience Initiative (MUDRI), contributing to regular MUDRI forums
- Monash University Marketing Department, working with undergraduates on a marketing planning collaboration.



# Working on the business

## Projects, Planning and Risk

### Critical Unit Building Works

The Critical Unit Building Works project was established following an audit of all unit accommodation, which identified 14 critical issues, 124 high issues, and 362 medium and 146 low issues. The project targeted the identified critical and high issues as a matter of priority. The project team worked with regions and units, and managed to successfully meet the project targets. All identified critical issues have been rectified, and the high, medium and low issues have been reduced to 6 high, 171 medium and 102 low respectively. The project team will continue in 2017–18 to reduce the issues to a minimum level.

### Grants

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

Our Projects, Planning and Risk business unit actively drive our volunteer grants programs, with support from regions, in particular the Volunteer Emergency Services Equipment Program and the Emergency Services Volunteer Sustainability grants program.

A summary of the outcomes of these programs is outlined below:

### Volunteer Emergency Services Equipment Program

This year, the Victorian Government committed \$2.199 million in grant funding for VICSES volunteers. These funds resulted in 42 projects:

- 13 SES unit infrastructure projects – including extensions to existing sheds, internal amenities upgrades and complete internal refurbishments
- 11 vehicles
- 7 rescue trucks
- 2 utility terrain vehicles
- 4 motorbikes for two units\*\*
- 1 rescue boat
- 4 trailers (1 unit, 3 state wide)\*\*
- 1 lighting trailer
- 3 caches of road rescue equipment.

### Emergency Services Volunteer Sustainability Grants Program

VICSES received in excess of \$5 million in state government funding for operational equipment, vehicles, facility improvements and training programs. In total 389 applications were successful. As of 30 June 2017, 279 projects were publicly announced and underway, including:

- 91 building improvement projects
- 158 operational equipment purchases
- 30 training courses.

\*\* These items were counted as two projects.

## Assets and Infrastructure

The Assets and Infrastructure (A&I) business unit continued to ensure that VICSES staff and volunteers were provided with the essential tools to do their work. This included managing the procurement of new assets, and managing preventative maintenance programs.

In addition to the vehicles procured under the grants program, the A&I business unit procured the following new assets using core funding:

- 4 heavy rescue trucks
- 5 medium rescue trucks
- 1 rescue boat
- 34 leased vehicles
- 8 specialist trailers
- 12 road rescue kits.

The design of the new rescue trucks incorporates design enhancements developed during an ergonomic design review, to ensure that the wellbeing of VICSES volunteers is a high priority.

The state-funded equipment for 47 VICSES units was replaced with new equipment as part of a rolling three-year program.

The preventative maintenance programs included the servicing of the following state-funded assets:

- 190 rescue trucks/trailers
- 59 rescue boats
- 109 road rescue kits.

## Information Services

*Information Services' key focus this year was to enhance the public cloud services by working more closely with the managed service provider, and to move all network infrastructure and services to one managed service provider – Telstra.*

### Network security and health check review

#### Phase 1: Network security design/framework

Advances in cyber intrusion and threats across various technologies have brought about new vulnerabilities that VICSES may be susceptible to. After consultation with various data security experts and the Information Services business unit, the Security Design and Remediation report was produced. In order to address the required security controls, and to protect VICSES staff and volunteer information, a dedicated project manager has been appointed to assist the Information Services Group and the Director of Corporate Services to initiate, plan, design, monitor, and document the controls that will assist in implementing an end-to-end security framework.

### Password reset tool release

VICSES password reset and account management tools enable all members to reset their forgotten passwords without Information Services Service Desk intervening. Members securely verify their identities by answering a series of questions that members set up at the time of their enrolment process.

To date over 1,200 members have enrolled into the password reset tool and, apart from reducing password related helpdesk calls, VICSES password and account management tools also free up members to focus on more pressing tasks. VICSES password and account management tools mobile browser support brings self-service capabilities to members' mobile devices. All members can now use their smartphones or tablets, running on any mobile platform, to reset their passwords.

### Mobile Command Facilities – Network equipment upgrade

With the recent changes and upgrade of various network equipment to support the network migration project, the Information Services business unit saw an opportunity to upgrade network equipment in other areas that would benefit operational use, and ultimately the community. One such upgrade was the Mobile Command Facilities. Information Services business unit proposed a robust and streamlined option to deliver a future-proof, high-speed solution that resolves common issues in vehicles with minimal backend changes. The proposed solution included 4G technology that seamlessly integrated into the VICSES corporate network. Upgrading the network hardware also allowed VICSES to connect Wireless Access Points to our Wireless Controller for centralised management, and allowed the access for multi-agency members to connect via the VICSES Liaison network.

#### This work delivered the following outcomes:

- replacing existing 3G routers with new 4G routers in all vehicles
- replacing existing 3G antennas with new 4G antennas on all vehicles
- replacing old outdated switches with new Cisco switches in all vehicles
- replacing old outdated wireless access points with new Cisco Wireless Access Points in all vehicles
- purchasing of satellite phone kits for all vehicles.

### Network migration

VICSES had been in contract with the service provider Pacnet since 2007 as VICSES's major network service provider. The original contract expired in December 2016, which opened an

## Finance

opportunity to move to a new network services provider. The scope of this activity included moving all Pacnet and Telstra network services to one managed network that suited the needs of VICSES in a state of declared operation or business-as-usual. In April 2015 Telstra completed the acquisition of Pacnet Limited, which required a change in the VICSES contract and network carriers. The change outcome was to move all networks to Telstra and leverage Whole of Victorian Government Telecommunications Carriage Services contracts, which provided VICSES with increased value and improved network benefits.

The upgrade consisted of network bandwidth increases for all Divisional Command Points (10MB fibre connection) and all regional head offices (20MB fibre connection) with the added services redundancy 'bandwidth on demand' for increased speed during a declared operation. All units were moved to a same if not better network during the transition.

### Service Desk function

The service delivery area encompasses the service desk function, as well as field, desktop and network support. Its task is to ensure that VICSES systems, networks and infrastructure are ready and in faultless working order to support VICSES members during an emergency.

### Below is a snapshot of the year's work undertaken by the Service Desk:

- Resolved service desk requests – 11,317
- Site visits to resolve ICT issues – 85 Infrastructure and system changes delivered – 426
- Applications deployed or upgrade via System Center Configuration Manager – 20.

### Introduction of Minister for Finance Standing Directions 2016

A revised set of Standing Directions (directions) of the Minister for Finance was issued, commencing 1 July 2016. The directions include strengthened compliance, reporting and public attestation requirements. VICSES undertook a program to review the new directions and assess VICSES's compliance. The process identified that VICSES policies, processes, and procedures met the directions in all material respects.

### Unit Financial Management Taskforce

The Unit Financial Management Taskforce continued to operate in 2016–17. The Taskforce is made up of volunteers, accounting staff and regional staff, and is working on formalising and streamlining financial policies and procedures for volunteer units. The taskforce met seven times in 2016–17, and will continue to do so in 2017–18.

During 2016–17, the taskforce worked on the following items:

- A cloud accounting system to replace the current desktop versions used by volunteer units. This would allow volunteer units to access their financial data from anywhere they have access to a computer, and provide volunteers with greater flexibility to undertake the important role of financial management.
- The taskforce has reviewed a number of different options and applications, and expect to have a cloud accounting system available for all volunteer units in 2017–18.

- The new directions included, for the first time, a requirement for VICSES to have documented policies, procedures, and processes applicable for volunteer units that addressed the requirements of the new directions.
- In 2016–17 the taskforce has worked on reviewing volunteer units Financial Management Manual to align with the new directions. Work is largely finished, and a new manual is expected to be released in early 2017–18, with follow-up training and awareness provided to all volunteer unit finance officers, unit controllers, and other key staff and volunteers.

### Volunteer units – Management of public funds

The following actions were taken in 2016–17 to ensure public funds were managed in accordance with public expectations:

- Units prepared independently audited financial reports for 2015–16.
- Units prepared quarterly business activity statements (BAS), which were consolidated and lodged on time with the Australian Tax Office.
- Units provided details of all bank accounts and investments held at 30 June 2017, along with signed bank reconciliations for each bank account, for inclusion in the VICSES Authority Financial Statements.
- A stocktake of all major assets held by volunteer units was conducted. No irregularities were identified.

# Five year financial summary

	2016-2017 \$'000s	2015-2016 \$'000s	2014-2015 \$'000s	2013-2014 \$'000s	2012-2013 \$'000s
<b>Appropriation from Government (i)</b>					
Output and special appropriation	49,070	45,122	44,701	44,055	45,042
Capital appropriation	0	150	0	400	1,102
<b>Total Appropriation from Government</b>	<b>49,070</b>	<b>45,272</b>	<b>44,701</b>	<b>44,455</b>	<b>46,144</b>
<b>Comprehensive Operating Statement</b>					
Total income from transactions	64,841	54,807	54,680	53,705	57,024
Total expenses from transactions	(55,449)	(51,222)	(49,124)	(49,445)	(50,081)
<b>Net result from transactions for the period</b>	<b>9,392</b>	<b>3,585</b>	<b>5,556</b>	<b>4,260</b>	<b>6,943</b>
Other economic flows	306	1,353	400	494	43
<b>Net result</b>	<b>9,698</b>	<b>4,938</b>	<b>5,956</b>	<b>4,754</b>	<b>6,986</b>
Other economic flows not in the net result (ii)	0	3,313	0	0	0
<b>Comprehensive result</b>	<b>9,698</b>	<b>8,251</b>	<b>5,956</b>	<b>4,754</b>	<b>6,986</b>
<b>Balance Sheet</b>					
Total assets	138,124	129,086	119,014	112,775	107,866
Total liabilities	(13,812)	(14,472)	(12,801)	(12,518)	(12,763)
<b>Net Assets</b>	<b>124,312</b>	<b>114,614</b>	<b>106,213</b>	<b>100,257</b>	<b>95,103</b>
<b>Cashflow Statement</b>					
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,074</b>	<b>4,647</b>	<b>1,132</b>	<b>(285)</b>	<b>4,363</b>
<b>Cash and cash equivalents at 30 June</b>	<b>49,319</b>	<b>47,245</b>	<b>42,598</b>	<b>41,466</b>	<b>41,751</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.

(iii) The high "other economic flows" in 2015-2016 results from the increase in the value of assets following the scheduled full revaluation of the Authority's land and buildings by the Valuer-General Victoria.

## Current year financial review

### Comprehensive Operating Statement

For the year ended 30 June 2017 the Authority achieved a comprehensive result of \$9.698 million, \$1.447 million higher than in 2015-2016.

The key items impacting the 2016-2017 Net result are:

- An increase of \$10.034 million in income from transactions to \$64.841 million resulting primarily from:
  - An increase in appropriation of \$1.748 million.
  - An increase in volunteer and other grants of \$7.656 million.
  - A decrease in net result of volunteer units of \$0.194 million.
- An increase of \$4.227 million in expenses from transactions to \$55.449 million resulting primarily from:
  - An increase in employee expenses of \$1.999 million.
  - An increase in contractors and professional Services expenses of \$1.227 million.

### Balance Sheet

Net assets increased by \$9.698 million in 2016-2017 to \$124.312 million.

The major reasons for the increase are an increase of \$2.074 million in cash and deposits, \$4.639 million in receivables and \$1.876 million in non-financial assets.

### Cash Flow Statement

VICSES holds cash and cash equivalents of \$49.319 million. \$13.138 million is held by Volunteer units and \$36.181 million by the Authority. (Volunteer units also hold an additional \$5.150 million in term deposits).

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

The major changes in cashflow from last year were:

- An increase in receipts from government and other entities.
- A decrease in payables.
- An increase in receivables.

### Subsequent events

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

# VICSES financial statements

*For the year ended 30 June 2017*

## 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 2017 in the following structure to provide users with the information about the Authority's stewardship of resources entrusted to it.

### Independent Auditor's Report

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

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Comprehensive operating statement

Balance sheet

Statement of changes in equity

Cash flow statement

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Victorian Auditor-General's Office

## 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 2017</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 a summary of 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 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described 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 Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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





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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Authority at 30 June 2017.

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 September 2017.



**Peter Akers**

*Chairperson, Victoria State Emergency Service Authority*

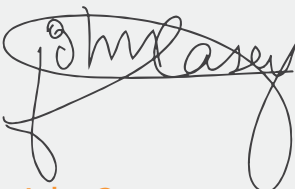
**Melbourne 25 September 2017**



**Stephen Griffin**

*Chief Executive Officer, Victoria State Emergency Service Authority*

**Melbourne 25 September 2017**



**John Casey**

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

**Melbourne 25 September 2017**

## Comprehensive operating statement for the financial year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
<b>Income from transactions</b>			
Grants	2.2.1	62,094	51,720
Interest income	2.1	532	663
Sale of services	2.1	25	36
Other income	2.2.2	2,190	2,388
<b>Total income from transactions</b>		<b>64,841</b>	<b>54,807</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	(23,951)	(21,952)
Depreciation	4.1.1	(6,788)	(6,625)
Interest expense	6.1	(225)	(255)
Other operating expenses	3.2	(24,485)	(22,390)
<b>Total expenses from transactions</b>		<b>(55,449)</b>	<b>(51,222)</b>
<b>Net result from transactions (net operating balance)</b>		<b>9,392</b>	<b>3,585</b>
<b>Other economic flows included in net result</b>			
Net gain on non-financial assets	8.2(a)	202	1,483
Other gains/(losses) from other economic flows	8.2(b)	104	(130)
<b>Total other economic flows included in net results</b>		<b>306</b>	<b>1,353</b>
<b>Net result</b>		<b>9,698</b>	<b>4,938</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 surplus	8.3	0	3,313
<b>Total other economic flows – other comprehensive income</b>		<b>0</b>	<b>3,313</b>
<b>Comprehensive result</b>		<b>9,698</b>	<b>8,251</b>

The accompanying notes form part of these financial statements.

## Balance sheet as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	49,319	47,245
Receivables	5.1	5,365	726
Investments and other financial assets	4.2	5,150	4,701
<b>Total financial assets</b>		<b>59,834</b>	<b>52,672</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	77,152	75,770
Other non-financial assets	5.3	1,138	644
<b>Total non-financial assets</b>		<b>78,290</b>	<b>76,414</b>
<b>Total assets</b>		<b>138,124</b>	<b>129,086</b>
<b>Liabilities</b>			
Payables	5.2	3,909	4,813
Borrowings	6.1	3,939	3,808
Provisions	3.1.2	5,964	5,851
<b>Total liabilities</b>		<b>13,812</b>	<b>14,472</b>
<b>Net assets</b>		<b>124,312</b>	<b>114,614</b>
<b>Equity</b>			
Accumulated surplus		71,434	61,736
Physical asset revaluation surplus	8.3	10,073	10,073
Contributed capital		42,805	42,805
<b>Net worth</b>		<b>124,312</b>	<b>114,614</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the financial year ended 30 June 2017

	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributed capital \$'000	Total \$'000
<b>Balance at 1 July 2015</b>	6,760	56,798	42,655	106,213
Net result for the year	0	4,938	0	4,938
Other comprehensive income	3,313	0	0	3,313
Capital appropriations	0	0	150	150
<b>Balance at 30 June 2016</b>	<b>10,073</b>	<b>61,736</b>	<b>42,805</b>	<b>114,614</b>
Net result for the year	0	9,698	0	9,698
Other comprehensive income	0	0	0	0
Capital appropriations	0	0	0	0
<b>Balance at 30 June 2017</b>	<b>10,073</b>	<b>71,434</b>	<b>42,805</b>	<b>124,312</b>

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

## Cash flow statement for the financial year ended 30 June 2017

Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Receipts from government	52,671	47,420
Receipts from other entities	8,026	7,475
Goods and services tax recovered from the ATO	2,519	2,311
Interest received	550	584
Other receipts (unit cash)	364	721
<b>Total receipts</b>	<b>64,130</b>	<b>58,511</b>
<b>Payments</b>		
Payments to suppliers and employees	(53,494)	(45,597)
Interest and other costs of finance paid	(230)	(260)
Other payments	(46)	(95)
<b>Total payments</b>	<b>(53,770)</b>	<b>(45,952)</b>
<b>Net cash flow from/(used in) operating activities</b>	<b>6.3.1</b> <b>10,360</b>	<b>12,559</b>
<b>Cash flows from investing activities</b>		
Payments for investments	(5,061)	(4,678)
Proceeds from sales of investments	4,612	3,958
Purchases of non-financial assets	(7,559)	(8,192)
Sales of non-financial assets	777	1,821
<b>Net cash flows from/(used in) investing activities</b>	<b>(7,231)</b>	<b>(7,091)</b>
<b>Cash flows from financing activities</b>		
Owner contributions by State Government	0	150
Repayment of finance leases	(1,055)	(971)
<b>Net cash flows from/(used in) financing activities</b>	<b>(1,055)</b>	<b>(821)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,074</b>	<b>4,647</b>
Cash and cash equivalents at the beginning of the financial year	47,245	42,598
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.3</b> <b>49,319</b>	<b>47,245</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## 1. About this report

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

Its principal address is:

**Victoria State Emergency Service Authority**  
168 Sturt Street  
Southbank VIC 3006

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

### Basis of preparation

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

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

### Incorporation of VICSES volunteer units

- The financial statements incorporate financial transactions of the 142 VICSES volunteer units (141 stand-alone units and one satellite unit) on a cash basis. Management have not recognised any accruals on the basis that it is not material to the financial report.
- The volunteer unit financial transactions incorporated by VICSES include:
  - cash and investment balances
  - net movement in cash balances between financial years as either revenue or an expense.
- Transactions between the volunteer units and the Authority are eliminated.
- All VICSES volunteer unit property, plant and equipment over \$5,000 are purchased by the Authority and recorded in the accounts of the Authority. Volunteer units do not record these items separately.
- Revenue and expenditure balances of the Authority have not been grossed up to incorporate volunteer unit transaction with third parties.

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made

by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading "Significant judgements or estimates".

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

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

All amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000,

unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 8.12 for a style convention guide and explanations of minor discrepancies resulting from rounding.

### Compliance information

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

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

## 2. Funding delivery of our services

### Introduction

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

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

### Structure

2.1 Summary of income that funds the delivery of our services

2.2 Income from transactions

#### 2.1 Summary of income that funds the delivery of our services

	Notes	2017 \$'000	2016 \$'000
Grants	2.2.1	62,094	51,720
Interest income		532	663
Sale of services		25	36
Other income	2.2.2	2,190	2,388
<b>Total income from transactions</b>		<b>64,841</b>	<b>54,807</b>

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

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

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

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

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



## 2.2 Income from transactions

### 2.2.1 Grants

	2017 \$'000	2016 \$'000
<b>General purpose:</b>		
<b>Department of Justice and Regulation</b>		
Operating grant income	46,559	44,725
Volunteer and other grants	10,367	2,711
Special Appropriation Volunteer WorkCover	311	398
<b>Other State Government entities/agencies</b>		
Melbourne Water	350	350
Transport Accident Commission	3,916	3,357
Department of Environment, Land, Water and Planning	500	0
Other	18	94
Commonwealth Departments	50	65
Other	23	20
<b>Total grants</b>	<b>62,094</b>	<b>51,720</b>

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

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider).

The Authority recognises income when it has satisfied its performance obligations under the terms of the grant.

### 2.2.2 Other income

	2017 \$'000	2016 \$'000
Sponsorship	555	531
Donations	48	208
Other income	1,164	1,032
Net result of VICSES volunteer units	423	617
<b>Total other income</b>	<b>2,190</b>	<b>2,388</b>

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

**Donation income** is recognised by the Authority on receipt.

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

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

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

## 3. The cost of delivering services

### Introduction

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

### Structure

3.1 Expenses incurred in delivery of services

3.2 Other operating expenses

### 3.1 Expenses incurred in delivery of services

		2017 \$'000	2016 \$'000
Employee benefit expenses	3.1.1	23,951	21,952
Other operating expenses	3.2	24,485	22,390
<b>Total expenses incurred in delivery of services</b>		<b>48,436</b>	<b>44,342</b>

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

		2017 \$'000	2016 \$'000
Post-employment benefits:			
– Defined contribution superannuation plans		(1,681)	(1,523)
– Defined benefit superannuation expenses		(82)	(66)
Termination benefits		(27)	(70)
Salaries and wages, annual leave and long service leave		(22,161)	(20,293)
<b>Total employee expenses</b>		<b>(23,951)</b>	<b>(21,952)</b>

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

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

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

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

	2017 \$'000	2016 \$'000
<b>Current provisions (i):</b>		
<b>Annual leave (ii)</b>		
Unconditional and expected to settle within 12 months	1,871	1,893
Unconditional and expected to settle after 12 months	221	230
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	1,277	1,076
Unconditional and expected to settle after 12 months	955	858
<b>Enterprise bargaining agreement</b>		
Unconditional and expected to settle within 12 months	0	136
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	560	543
Unconditional and expected to settle after 12 months	216	192
<b>Total current provisions for employee benefits</b>	<b>5,100</b>	<b>4,928</b>
<b>Non-current provisions:</b>		
Employee benefits (i)	728	783
On-costs	136	140
<b>Total non-current provisions for employee benefits</b>	<b>864</b>	<b>923</b>
<b>Total provisions for employee benefits</b>	<b>5,964</b>	<b>5,851</b>

**Notes:**

- (i) Provision for employee benefits consist of amounts for annual leave, time-in-lieu, long service leave and enterprise bargaining agreement accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits, and are recognised as a separate provision.
- (ii) Annual leave includes annual leave and time-in-lieu entitlements.

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

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

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

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

	2017 \$'000	2016 \$'000
<b>Opening balance</b>	<b>875</b>	<b>699</b>
Additional provisions recognised	360	481
Reductions arising from payments/other sacrifices of future economic benefits	(323)	(305)
<b>Closing balance</b>	<b>912</b>	<b>875</b>
Current	776	735
Non-current	136	140
<b>Total on-cost provision</b>	<b>912</b>	<b>875</b>

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

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

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

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

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

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

The components of this current LSL liability are measured at:

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

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

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 Expenses incurred in delivery of services (continued)

#### 3.1.3 Superannuation contributions

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

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

	Paid contribution for the year		Contributions outstanding at year end	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Defined benefits plan</b>				
State Superannuation Fund - Revised and New (i)	80	78	2	0
<b>Defined contribution plans</b>				
VicSuper	997	961	21	0
Other	628	550	35	0
<b>Total</b>	<b>1,705</b>	<b>1,589</b>	<b>58</b>	<b>0</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.

### 3.2 Other operating expenses

	2017 \$'000	2016 \$'000
<b>Supplies and services:</b>		
Contractors and professional services	(4,073)	(2,846)
Building service and maintenance expenses	(2,413)	(2,596)
Travel and associated costs	(1,012)	(612)
Printing, stationery and other office expenses	(737)	(552)
Postage and communication expenses	(4,893)	(4,905)
Vehicle expenses	(1,228)	(1,247)
Technology services costs	(4,278)	(4,832)
Protective clothing	(811)	(895)
Emergency rescue equipment	(2,344)	(1,537)
Training (volunteers and staff)	(1,917)	(1,669)
Other	(733)	(604)
<b>Operating lease rental expenses:</b>		
Lease payments	(46)	(95)
<b>Total other operating expenses</b>	<b>(24,485)</b>	<b>(22,390)</b>

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

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

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

## 4. Key assets available to support output delivery

### Introduction

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

### Structure

4.1 Property, plant and equipment

4.2 Investments and other financial assets

#### 4.1 Property, plant and equipment

'Purpose' group – Public safety and environment (i)						
	Gross carrying amounts		Accumulated depreciation		Net carrying amounts	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Nature-based classification</b>						
Crown land at fair value	12,560	12,560	0	0	12,560	12,560
Buildings and leasehold improvements at fair value	22,952	22,062	(4,576)	(3,622)	18,376	18,440
Plant, equipment and vehicles at fair value	65,921	61,514	(27,304)	(23,072)	38,617	38,442
Leased vehicles at fair value	6,286	5,764	(2,309)	(1,998)	3,977	3,766
Assets under construction at cost	3,622	2,562	0	0	3,622	2,562
<b>Total property, plant and equipment</b>	<b>111,341</b>	<b>104,462</b>	<b>(34,189)</b>	<b>(28,692)</b>	<b>77,152</b>	<b>75,770</b>

**Note:**

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

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

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

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

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

## 4.1 Property, plant and equipment (continued)

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

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

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

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

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

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

### 4.1.1 Depreciation and impairment

#### Charge for the period

	2017 \$'000	2016 \$'000
Buildings and leasehold improvement	(956)	(971)
Plant, equipment and vehicles	(4,815)	(4,660)
Leased vehicles	(1,017)	(994)
<b>Total depreciation</b>	<b>(6,788)</b>	<b>(6,625)</b>

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

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

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

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

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

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

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

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

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

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

#### 4.1.1 Depreciation and impairment (continued)

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

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

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

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

Carrying Amount	Crown land at fair value \$'000	Buildings and leasehold improvements at fair value \$'000	Plant, equipment and vehicles at fair value \$'000	Leased vehicles at fair value \$'000	Assets under construction at cost (iii) \$'000	Total \$'000
<b>Balance at 30 June 2015</b>	<b>8,800</b>	<b>17,918</b>	<b>37,311</b>	<b>3,770</b>	<b>2,329</b>	<b>70,128</b>
Additions	0	0	0	1,609	7,204	8,813
Transfers in/(out) of assets under construction	0	969	6,002	0	(6,971)	0
Disposals	0	0	(211)	(619)	0	(830)
Impairment of assets	0	0	0	0	0	0
Revaluation of PPE	3,390	416	0	0	0	3,806
Transfer to disposal group held for sale	370	108	0	0	0	478
Depreciation expense	0	(971)	(4,660)	(994)	0	(6,625)
<b>Balance at 30 June 2016</b>	<b>12,560</b>	<b>18,440</b>	<b>38,442</b>	<b>3,766</b>	<b>2,562</b>	<b>75,770</b>
Additions	0	0	0	1,645	7,100	8,745
Transfers in/(out) of assets under construction	0	892	5,148	0	(6,040)	0
Disposals	0	0	(158)	(417)	0	(575)
Impairment of assets	0	0	0	0	0	0
Revaluation of PPE	0	0	0	0	0	0
Transfer from disposal group held for sale	0	0	0	0	0	0
Depreciation expense	0	(956)	(4,815)	(1,017)	0	(6,788)
<b>Balance at 30 June 2017</b>	<b>12,560</b>	<b>18,376</b>	<b>38,617</b>	<b>3,977</b>	<b>3,622</b>	<b>77,152</b>

#### Notes:

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

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

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



## 4.2 Investments and other financial assets

	2017 \$'000	2016 \$'000
<b>Current investments and other financial assets (i)</b>		
Term deposits: (ii)		
Australian dollar term deposits > 3 months	4,798	4,612
<b>Total current investments and other financial assets</b>	<b>4,798</b>	<b>4,612</b>
<b>Non-current investments and other financial assets (i)</b>		
Term deposits: (ii)		
Australian dollar term deposits > 12 months	352	89
<b>Total non-current investments and other financial assets</b>	<b>352</b>	<b>89</b>
<b>Total investments and other financial assets</b>	<b>5,150</b>	<b>4,701</b>

**Note:**

- (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

	2017 \$'000	2016 \$'000
<b>Current receivables Contractual</b>		
Accrued interest income	33	37
Other receivables (i)	4,948	204
	<b>4,981</b>	<b>241</b>
<b>Statutory</b>		
GST recoverable (net)	384	482
Other receivables	0	3
	<b>384</b>	<b>485</b>
<b>Total current receivables</b>	<b>5,365</b>	<b>726</b>
<b>Total receivables</b>	<b>5,365</b>	<b>726</b>

#### Note:

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

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

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

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

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

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

## 5.1 Receivables (continued)

### Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1–3 months \$'000	3 months –1 year \$'000	1–5 years \$'000
<b>2017</b>						
<b>Receivables (i)</b>						
Accrued interest income	33	33	0	0	0	0
Other receivables	4,948	4,948	0	0	0	0
<b>Total</b>	<b>4,981</b>	<b>4,981</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2016</b>						
<b>Receivables (i)</b>						
Accrued interest income	37	37	0	0	0	0
Other receivables	204	151	0	14	39	0
<b>Total</b>	<b>241</b>	<b>188</b>	<b>0</b>	<b>14</b>	<b>39</b>	<b>0</b>

**Note:**

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

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

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

## 5.2 Payables

	2017 \$'000	2016 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services	3,782	4,727
	<b>3,782</b>	<b>4,727</b>
<b>Statutory</b>		
Other taxes payable	127	86
	<b>127</b>	<b>86</b>
<b>Total current payables</b>	<b>3,909</b>	<b>4,813</b>
<b>Total payables</b>	<b>3,909</b>	<b>4,813</b>

## 5. Other assets and liabilities (continued)

### 5.2 Payables (continued)

Payables consist of:

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

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

#### Maturity analysis of contractual payables (i)

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
<b>2017</b>						
Payables (ii)						
Supplies and services	3,782	3,782	3,782	0	0	0
<b>Total</b>	<b>3,782</b>	<b>3,782</b>	<b>3,782</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2016</b>						
Payables (ii)						
Supplies and services	4,727	4,727	4,727	0	0	0
<b>Total</b>	<b>4,727</b>	<b>4,727</b>	<b>4,727</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Notes:

- (i) Maturity analysis is presented using the contractual undiscounted cash flows.  
(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

### 5.3 Other non-financial assets

	2017 \$'000	2016 \$'000
<b>Current other assets</b>		
Prepayments	835	577
<b>Total current other assets</b>	<b>835</b>	<b>577</b>
<b>Non-current other assets</b>		
Prepayments	303	67
<b>Total non-current other assets</b>	<b>303</b>	<b>67</b>
<b>Total other assets</b>	<b>1,138</b>	<b>644</b>

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

## 6. How we financed our operations

### Introduction

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

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

### Structure

#### 6.1 Borrowings

#### 6.2 Leases

#### 6.3 Cash flow information and balances

#### 6.4 Commitments for expenditure

#### 6.5 Assets pledged as security

### 6.1 Borrowings

	Notes	2017 \$'000	2016 \$'000
<b>Current borrowings</b>			
Finance lease liabilities (i)	6.2	1,526	1,637
<b>Total current borrowings</b>		<b>1,526</b>	<b>1,637</b>
<b>Non-current borrowings</b>			
Finance lease liabilities (i)	6.2	2,413	2,171
<b>Total non-current borrowings</b>		<b>2,413</b>	<b>2,171</b>
<b>Total borrowings</b>		<b>3,939</b>	<b>3,808</b>

**Note:**

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

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

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

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

## 6. How we financed our operations (continued)

### 6.1 Borrowings (continued)

#### Maturity analysis of borrowings (i)

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1- 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
<b>2017</b>						
<b>Borrowings</b>						
Finance lease liabilities	3,939	4,202	108	492	1,089	2,513
<b>Total</b>	<b>3,939</b>	<b>4,202</b>	<b>108</b>	<b>492</b>	<b>1,089</b>	<b>2,513</b>
<b>2016</b>						
<b>Borrowings</b>						
Finance lease liabilities	3,808	4,100	183	375	1,246	2,296
<b>Total</b>	<b>3,808</b>	<b>4,100</b>	<b>183</b>	<b>375</b>	<b>1,246</b>	<b>2,296</b>

**Note:**

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

#### Interest expense

	2017 \$'000	2016 \$'000
Interest on finance leases	225	255
<b>Total interest expense</b>	<b>225</b>	<b>255</b>

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

Interest expense is recognised in the period in which it is incurred. Refer to Glossary of technical terms in Note 8.11 for an explanation of interest expense items.

## 6.2 Leases

### 6.2.1 Finance lease liabilities (Authority as lessee)

	Notes	Minimum future lease payments (i)		Present value of minimum future lease payments	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Finance lease liabilities payable (ii)</b>					
Not longer than 1 year		1,689	1,804	1,526	1,637
Longer than 1 year but not longer than 5 years		2,513	2,296	2,413	2,171
<b>Minimum future lease payments</b>		<b>4,202</b>	<b>4,100</b>	<b>3,939</b>	<b>3,808</b>
Less future finance charges		(263)	(292)	0	0
<b>Present value of minimum lease payments</b>		<b>3,939</b>	<b>3,808</b>	<b>3,939</b>	<b>3,808</b>
<b>Included in the financial statements as:</b>					
Current borrowings lease liabilities	6.1			1,526	1,637
Non-current borrowing lease liabilities	6.1			2,413	2,171
<b>Total</b>				<b>3,939</b>	<b>3,808</b>

**Notes:**

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

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

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset. If there is certainty that the Authority will obtain ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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

## 6. How we financed our operations (continued)

### 6.3 Cash flow information and balances

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

	2017 \$'000	2016 \$'000
Total cash and deposits disclosed in the balance sheet held by the Authority	36,181	35,649
Total cash and deposits disclosed in the balance sheet held by volunteer units (i)	13,138	11,596
<b>Balance as per cash flow statement</b>	<b>49,319</b>	<b>47,245</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

	2017 \$'000	2016 \$'000
<b>Net result for the period</b>	<b>9,680</b>	<b>4,938</b>
<b>Non-cash movements</b>		
(Gain)/loss on sale or disposal of non-current assets	(202)	(1,483)
Depreciation of non-current assets	6,788	6,625
Impairment of noncurrent assets	0	0
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(4,671)	332
(Increase)/decrease in other non-financial assets	(476)	127
Increase/(decrease) in payables	(871)	1,094
Increase/(decrease) in provisions	112	926
<b>Net cash flows from/(used in) operating activities</b>	<b>10,360</b>	<b>12,559</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.



## 6.4 Commitments for expenditure (continued)

### 6.4.1 Total commitments payable (i)

	2017 \$'000	2016 \$'000
<b>(a) Commitments</b>		
<b>Capital expenditure commitments</b>		
Plant and equipment	1,945	286
<b>Total capital expenditure commitments</b>	<b>1,945</b>	<b>286</b>
<b>Operating and lease commitments (ii)</b>		
Leasing of office and logistics facilities (iii)	2,777	2,464
<b>Total operating and lease commitments</b>	<b>2,777</b>	<b>2,464</b>
<b>Other commitments</b>		
Outsourcing		
– Information technology and communications	4,677	1,074
– Other	857	1,221
<b>Total other commitments</b>	<b>5,534</b>	<b>2,295</b>
<b>(b) Commitments payable</b>		
<b>Capital expenditure commitments payable</b>		
Less than 1 year	1,945	286
Longer than 1 year but not longer than 5 years	0	0
5 years or more	0	0
<b>Total capital expenditure commitments</b>	<b>1,945</b>	<b>286</b>
<b>Operating and lease commitments payable (ii)</b>		
Less than 1 year	986	937
Longer than 1 year but not longer than 5 years	1,769	1,407
5 years or more	22	120
<b>Total operating and lease commitments</b>	<b>2,777</b>	<b>2,464</b>
<b>Other commitments payable</b>		
Less than 1 year	4,907	1,327
Longer than 1 year but not longer than 5 years	627	969
5 years or more	0	0
<b>Total other commitments</b>	<b>5,534</b>	<b>2,296</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>10,256</b>	<b>5,046</b>
Less GST recoverable from the Australian Taxation Office	(932)	(459)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>9,324</b>	<b>4,587</b>

**Notes:**

- (i) All amounts shown in the commitments note are nominal amounts inclusive of GST.
- (ii) Future finance lease and non-cancellable operating lease payments are recognised on the balance sheet.
- (iii) Operating lease commitments relate to office and logistics facilities and equipment with lease terms between one and ten years. These contracts do not allow the Authority to purchase the facilities and equipment after the lease ends, but the Authority can renew/extend the lease.

## 6.5 Assets pledged as security

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

## 7. Risks, contingencies and valuation judgements

### Introduction

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

### Structure

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

### 7.1 Financial instruments specific disclosures

#### Introduction

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

#### Categories of financial instruments

**Loans and receivables and cash** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially

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

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

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

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

#### Offsetting financial instruments:

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

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the Authority does not have a legally enforceable right to offset recognised

amounts – because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy – they are reported on a gross basis.

#### De-recognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised in any of the following circumstances:

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

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

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

The allowance is the difference between the financial asset's carrying amount and the present value of

## 7.1 Financial instruments specific disclosures (continued)

estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

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

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

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

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

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

### 7.1.1 Financial instruments: Categorisation

	Contractual financial assets – loans and receivables and cash		Contractual financial liabilities at amortised cost		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Contractual financial assets</b>						
Cash and deposits	49,319	47,245	0	0	49,319	47,245
<b>Receivables (i)</b>						
Accrued interest income	33	37	0	0	33	37
Other receivables	4,948	204	0	0	4,948	204
<b>Investments and other contractual financial assets</b>						
Term deposits	5,150	4,701	0	0	5,150	4,701
<b>Total contractual financial assets</b>	<b>59,450</b>	<b>52,187</b>	<b>0</b>	<b>0</b>	<b>59,450</b>	<b>52,187</b>
<b>Contractual financial liabilities</b>						
<b>Payables (i)</b>						
Supplies and services	0	0	3,782	4,727	3,782	4,727
<b>Borrowings</b>						
Lease liabilities	0	0	3,939	3,808	3,939	3,808
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>0</b>	<b>7,721</b>	<b>8,535</b>	<b>7,721</b>	<b>8,535</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 (i)

	Total interest income / (expense) \$'000	Impairment loss \$'000	Total \$'000
<b>2017</b>			
<b>Contractual financial assets</b>			
Financial assets – cash and deposits	532	0	532
<b>Total contractual financial assets</b>	<b>532</b>	<b>0</b>	<b>532</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(225)	0	(225)
<b>Total contractual financial liabilities</b>	<b>(225)</b>	<b>0</b>	<b>(225)</b>
<b>2016</b>			
<b>Contractual financial assets</b>			
Financial assets - cash and deposits	663	0	663
<b>Total contractual financial assets</b>	<b>663</b>	<b>0</b>	<b>663</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(255)	0	(255)
<b>Total contractual financial liabilities</b>	<b>(255)</b>	<b>0</b>	<b>(255)</b>

**Note:**

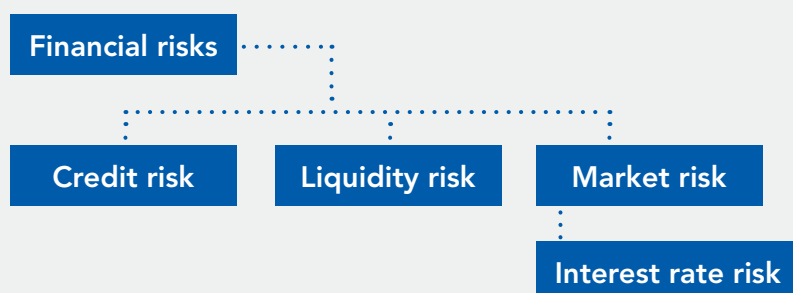
(i) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

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

- for cash and deposits, the net gain or loss is calculated by taking the interest income, minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus losses arising from the revaluation of financial liabilities measured at amortised cost.

## 7.1 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 assets, which are mainly cash at bank). As with the policy for debtors, the Authority's policy is to only deal with banks with high credit ratings.

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

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

There has been no material change to the Authority's credit risk profile in 2016-17.

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

### 7.1 Financial instruments specific disclosures (continued)

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

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

	Government agencies (AAA credit rating) \$'000	Other (min BBB credit rating) \$'000	Total \$'000
<b>2017</b>			
<b>Contractual financial assets</b>			
Cash and deposits	20,000	29,319	49,319
<b>Receivables (i)</b>			
Accrued interest income	16	17	33
Other receivables	4,948	0	4,948
<b>Investments and other contractual financial assets</b>			
Term deposits	0	5,150	5,150
<b>Total contractual financial assets</b>	<b>24,964</b>	<b>34,486</b>	<b>59,450</b>
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash and deposits	20,000	27,245	47,245
<b>Receivables (i)</b>			
Accrued interest income	20	17	37
Other receivables	153	51	204
<b>Investments and other contractual financial assets</b>			
Term deposits	0	4,701	4,701
<b>Total contractual financial assets</b>	<b>20,173</b>	<b>32,014</b>	<b>52,187</b>

**Note:**

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

## 7.1 Financial instruments specific disclosures (continued)

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

#### Financial instruments: liquidity risk

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

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets which are readily tradeable in financial markets, and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

#### Financial instruments: market risk

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

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

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

- a movement of 50 basis points up and down (2016: 50 basis points up and down) in market interest rates (AUD).

The table that follows show the impact on the Authority's net result and equity for each category of financial instrument held by the Authority at the end of the reporting period, if the above movements were to occur.

#### Interest rate risk

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

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

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

Management monitors movements in interest rates as investments approach maturity.

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

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

### 7.1 Financial instruments specific disclosures (continued)

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

##### Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Interest Rate Exposure			
		Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>2017</b>					
<b>Financial assets</b>					
Cash and deposits (ii)	1.42%	49,319	24,606	24,711	3
Receivables (i)					
– Accrued interest income		33	0	0	33
– Other receivables		4,948	0	0	4,948
Investments and other contractual financial assets					
– Term deposits		5,150	5,150	0	0
<b>Total financial assets</b>		<b>59,450</b>	<b>29,756</b>	<b>24,711</b>	<b>4,984</b>
<b>Financial liabilities</b>					
Payables (i)					
– Supplies and services		3,782	0	0	3,782
Borrowings					
– Finance lease liabilities	5.80%	3,939	3,939	0	0
<b>Total financial liabilities</b>		<b>7,721</b>	<b>3,939</b>	<b>0</b>	<b>3,782</b>
<b>2016</b>					
<b>Financial assets</b>					
Cash and deposits (ii)	1.89%	47,245	24,102	23,140	3
Receivables (i)					
– Accrued interest income		37	0	0	37
– Other receivables		204	0	0	204
Investments and other contractual financial assets					
– Term deposits		4,701	4,701	0	0
<b>Total financial assets</b>		<b>52,187</b>	<b>28,803</b>	<b>23,140</b>	<b>212</b>
<b>Financial liabilities</b>					
Payables (i)					
– Supplies and services		4,727	0	0	4,727
Borrowings					
– Finance lease liabilities	5.96%	3,808	3,808	0	0
<b>Total financial liabilities</b>		<b>8,535</b>	<b>3,808</b>	<b>0</b>	<b>4,727</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.



## 7.1 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>2017</b>			
<b>Contractual financial assets</b>			
Cash and deposits (i)	49,319	(124)	124
Investments and other contractual financial assets	5,150		
<b>Total impact</b>	<b>54,469</b>	<b>(124)</b>	<b>124</b>
<b>Contractual financial liabilities</b>			
Borrowings (ii)	3,939	0	0
<b>Total impact</b>	<b>3,939</b>	<b>0</b>	<b>0</b>
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash and deposits (i)	47,245	(116)	116
Investments and other contractual financial assets	4,701	0	0
<b>Total impact</b>	<b>51,946</b>	<b>(116)</b>	<b>116</b>
<b>Contractual financial liabilities</b>			
Borrowings (ii)	3,808	0	0
<b>Total impact</b>	<b>3,808</b>	<b>0</b>	<b>0</b>

**Notes:**

(i) Cash and deposits includes a deposit of \$24,711 thousand (2016: \$23,140 thousand) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

• 2017: \$28,000 thousand x -0.005 = -\$124 thousand; and \$24,711 thousand x 0.005 = \$124 thousand

• 2016: \$23,140 thousand x -0.005 = -\$116 thousand; and \$23,140 thousand x 0.005 = \$116 thousand

(ii) Borrowings include nil (2016: nil) that are exposed to floating rate movements.

## 7.2 Contingent assets and contingent liabilities

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

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

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

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

#### Contingent assets

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

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

There were no contingent assets as at 30 June 2017 (2016: none).

#### Contingent liabilities

Contingent liabilities include:

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

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

There were no contingent liabilities as at 30 June 2017 (2016: None).

### 7.3 Fair value determination

Significant judgement: fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in

determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Authority.

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

The following assets and liabilities are carried at fair value:

- land
- buildings
- infrastructure
- plant
- equipment

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

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

#### Fair value hierarchy

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

The levels are as follows:

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

- Level 3 – valuation techniques, for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

#### How this section is structured

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

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

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

## 7.3 Fair value determination (continued)

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

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

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

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 2016-17 reporting period.

These financial instruments include:

#### Financial assets

##### Cash and deposits Receivables:

- Accrued interest income
- Other receivables

##### Investments and other contractual financial assets:

- Term deposits

#### Financial liabilities

##### Payables:

- For supplies and services

##### Borrowings:

- Lease liabilities

All financial instrument assets and liabilities are classified as Level 1.

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 2017 \$'000	Carry amount as at 30 June 2016 \$'000	Fair value at the end of reporting period using:						
			Level 1(i) 2017 \$'000	Level 1(i) 2016 \$'000	Level 2(i) 2017 \$'000	Level 2(i) 2016 \$'000	Level 3(i) 2017 \$'000	Level 3(i) 2016 \$'000	
Crown land at fair value									
– Non-specialised land	12,560	12,560	0	0	12,560	12,560	0	0	
<b>Total of land at fair value</b>	<b>12,560</b>	<b>12,560</b>	<b>0</b>	<b>0</b>	<b>12,560</b>	<b>12,560</b>	<b>0</b>	<b>0</b>	
Buildings and leasehold improvements at fair value									
– Specialised buildings	10,810	11,126	0	0	0	0	10,810	11,126	
– Leasehold improvements	7,567	7,314	0	0	0	0	7,567	7,314	
<b>Total of buildings at fair value</b>	<b>18,377</b>	<b>18,440</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,377</b>	<b>18,440</b>	
Plant, equipment and vehicles at fair value									
– Vehicles	34,793	35,400	0	0	0	0	34,793	35,400	
– Plant and equipment	7,800	6,808	0	0	0	0	7,800	6,808	
<b>Total of plant, equipment and vehicles at fair value</b>	<b>42,593</b>	<b>42,208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,593</b>	<b>42,208</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.

## 7.3 Fair value determination (continued)

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

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

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

### Reconciliation of Level 3 fair value movements

	Specialised buildings \$'000	Leasehold improvements \$'000	Vehicles \$'000	Plant and equipment \$'000
<b>Balance at 30 June 2015</b>	10,917	7,001	33,943	7,138
Purchases (sales)	0	969	5,882	899
Transfers in (out) of Level 3	108	0	0	0
Gains or losses recognised in net result:				
– Depreciation	(315)	(656)	(4,425)	(1,229)
– Impairment loss	0	0	0	0
<b>Subtotal</b>	<b>10,710</b>	<b>7,314</b>	<b>35,400</b>	<b>6,808</b>
Gains or losses recognised in other economic flows:				
– Revaluation	416	0	0	0
<b>Subtotal</b>	<b>416</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 30 June 2016</b>	<b>11,126</b>	<b>7,314</b>	<b>35,400</b>	<b>6,808</b>
Purchases (sales)	0	891	4,026	2,192
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result:				
– Depreciation	(316)	(638)	(4,633)	(1,200)
– Impairment loss	0	0	0	0
<b>Subtotal</b>	<b>(316)</b>	<b>253</b>	<b>(607)</b>	<b>992</b>
Gains or losses recognised in other economic flows:				
– Revaluation	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 30 June 2017</b>	<b>10,810</b>	<b>7,567</b>	<b>34,793</b>	<b>7,800</b>

## 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

2017 and 2016	Valuation technique	Significant unobservable inputs
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of leasehold improvements
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2016.

## 8. Other disclosures

### Introduction

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

### Structure

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

### 8.1 Ex-gratia expenses (i)

	2017 \$'000	2016 \$'000
Compensation for economic loss	11	0
<b>Total ex-gratia expenses</b>	<b>11</b>	<b>0</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.

	2017 \$'000	2016 \$'000
<b>(a) Net gain on non-financial assets</b>		
Net gain on disposal of physical assets	202	990
Revaluation increment of property, plant and equipment	0	493
<b>Total net gain/(loss) on non-financial assets</b>	<b>202</b>	<b>1,483</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) from revaluation of long service leave liability (i)	104	(130)
<b>Total other gains/(losses) from other economic flows</b>	<b>104</b>	<b>(130)</b>

**Note:**

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

## 8. Other disclosures (continued)

### 8.3 Reserves

	2017 \$'000	2016 \$'000
<b>Physical asset revaluation surplus (i)</b>		
Balance at beginning of financial year	10,073	6,760
Revaluation increments/(decrements)	0	3,313
<b>Balance at end of financial year</b>	<b>10,073</b>	<b>10,073</b>

**Note:**

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

### 8.4 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance 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 Emergency Services

The Hon. James Merlino, MP                      1 July 2016 to 30 June 2017

#### Board Members

Peter Akers, Chairperson                      1 July 2016 to 31 December 2016  
7 February 2017 to 30 June 2017

Claire Higgins                                      1 July 2016 to 31 December 2016

Lawrence Russell                                1 July 2016 to 30 June 2017

Barbara Yeoh                                      1 July 2016 to 30 June 2017

Ev Duke    25 October 2016 to 30 June 2017

Bernie Cronin                                      1 July 2016 to 30 June 2017

Nina Brooks                                        1 July 2016 to 30 June 2017

Lisa Borowick                                      7 February 2017 to 30 June 2017

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

Stephen Griffin, Chief Executive Officer    1 July 2016 to 30 June 2017



## 8.4 Responsible persons (continued)

### Remuneration

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

Remuneration band	2017 No.	2016 No.
\$0 - \$9,999	2	2
\$10,000 - \$19,999	5	5
\$30,000 - \$39,999	1	0
\$40,000 - \$49,999	0	1
\$290,000 - \$299,999	0	1
\$300,000 - \$309,999	1	0
<b>Total numbers</b>	<b>9</b>	<b>9</b>
<b>Total amount</b>	<b>427,141</b>	<b>432,989</b>

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

### Other transactions

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

## 8.5 Remuneration of executives

### 8.5.1 Remuneration of executives

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

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

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

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

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

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

## 8. Other disclosures (continued)

### 8.5 Remuneration of executives (continued)

#### 8.5.1 Remuneration of executives (continued)

Remuneration of executive officers (including key management personnel disclosed in Note 8.6)	Total remuneration	
	2017 \$'000	2016 (i) \$'000
Short-term employee benefits	748	-
Post-employment benefits	66	-
Other long-term benefits	28	-
Termination benefits	0	-
<b>Total remuneration (i)(ii)</b>	<b>842</b>	<b>-</b>
<b>Total number of executives</b>	<b>4</b>	<b>-</b>
<b>Total annualised employee equivalents (iii)</b>	<b>4</b>	<b>-</b>

**Notes:**

- (i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.
- (ii) The total number of executive officers includes persons who meet the definition of key management personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note on disclosure (Note 8.6).
- (iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

### 8.6 Related parties

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

The financial statements incorporate financial transactions of the 142 VICSES volunteer units on a cash basis.

Related parties of the Authority and 142 VICSES volunteer units include:

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

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

#### Significant transactions with government-related entities

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

- \$57.237 million received from Department of Justice and Regulation
- \$4.784 million received from the other state government-related entities.

## 8.6 Related parties (continued)

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

- the Portfolio Minister, the Hon. James Merlino, MP
- the Governing Board (refer to Note 8.4 for list of Board members)
- the Accountable Officer, Stephen Griffin
- members of the Senior Executive Team, which includes:
  - Trevor White, Chief Officer Operations
  - John Casey, Director Corporate Services.

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

<b>Compensation of KMPs</b>	<b>2017 \$'000</b>	<b>2016 (iii) \$'000</b>
Short-term employee benefits	790	-
Post-employment benefits	70	-
Other long-term benefits	20	-
Termination benefits	0	-
<b>Total (i)(ii)</b>	<b>880</b>	<b>-</b>

**Notes:**

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

(ii) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

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

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

Other than the citizen type transactions, there were no related party transactions with the Authority or in relation to the 142 VICSES volunteer units which has been incorporated into the Authority's financial statements, KMPs their close family members and their personal business interests, except for the following:

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

## 8. Other disclosures (continued)

### 8.7 Remuneration of auditors

	2017 \$'000	2016 \$'000
<b>Victorian Auditor General's Office</b>		
Audit of the financial statements	72	70
<b>Other non-audit services (i)</b>	-	-
<b>Total remuneration of auditors</b>	<b>72</b>	<b>70</b>

**Note:**

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

### 8.8 Subsequent events

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

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

As at 30 June 2017, there has not arisen any item, transaction or event of a material or unusual nature likely, in the opinion of the Board, to significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in subsequent financial years.

### 8.9 Other accounting policies

#### Contribution by owners

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

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

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

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

#### 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.

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

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

Certain new AASs have been published which are not mandatory for the 30 June 2017 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Authority of their applicability and early adoption where applicable.

As at 30 June 2017, the following standards and interpretations (applicable to Authority) had been issued, but were not yet effective for the financial year ending 30 June 2017. The Authority has not early-adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 20107 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI)</li> <li>other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).  Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge.  For entities with significant lending activities, an overhaul of related systems and processes may be needed.  The assessment has indicated that there will be no significant impact for the public sector or authority, other than the impact identified for AASB 9 above.

## 8. Other disclosures (continued)

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 20158 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 15, it will continue to be monitored and assessed.</p>
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence.</p> <p>The amendments require:</p> <ul style="list-style-type: none"> <li>• a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation</li> <li>• that, for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer</li> <li>• that, for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector or authority, other than the impact identified for AASB 15 above.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not- for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

## 8. Other disclosures (continued)

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p> <p>The authority has a number of operating leases that are likely to come onto the balance sheet with the changes to AASB 16, the impact may be material and will continue to be monitored and assessed.</p>
AASB 1058 Income of Not-for-Profit Entities	This Standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 Jan 2019	<p>The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.</p> <p>The authority receives revenue from capital grants that will be assessed against AASB 1058.</p>



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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:</p> <ul style="list-style-type: none"> <li>• require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments</li> <li>• clarify circumstances when a contract with a customer is within the scope of AASB 15.</li> </ul>	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.

## 8. Other disclosures (continued)

### 8.11 Glossary of technical terms

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

#### Amortisation

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

#### Borrowings

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

#### Commitments

include those operating, capital and other outsourcing commitments arising from noncancellable contractual or statutory sources.

#### Comprehensive result

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

#### Depreciation

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

#### Effective interest method

is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts

estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

#### Employee benefits expenses

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

#### Ex-gratia expenses

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

#### Financial asset

is any asset that is:

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

#### Financial instrument

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

#### Financial liability

is any liability that is:

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

#### Financial statements

comprises:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period
- (c) a statement of changes in equity for the period
- (d) a cash flow statement for the period

## 8.11 Glossary of technical terms (continued)

- (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 nonreciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

### General government sector

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

### Interest expense

represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

### Interest income

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

### Leases

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

### Net operating balance or net result from transactions

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

### Net result

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

### Net worth

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

### Nonfinancial 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'.

## 8. Other disclosures (continued)

### 8.11 Glossary of technical terms (continued)

#### Other economic flows included in net result

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

#### Other economic flows – other comprehensive income

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

#### Payables

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

#### Produced assets

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

#### Receivables

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

#### Sales of goods and services

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

#### Supplies and services

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

#### Transactions

are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers.

Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of government.

### 8.12 Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government Authority in the 2016-17 Model Report for Victorian Government Authorities. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Authority's annual reports.

# Disclosure Index

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

## Ministerial Directions and Financial Reporting Directions

### Report of operations

#### Charter and purpose

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#### Management and structure

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

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## Legislation

*Freedom of Information Act 1982*

*Building Act 1993 (Vic)*

*Protected Disclosure Act 2012 (Vic)*

*Carers Recognition Act 2012 (Vic)*

*Victorian Industry Participation Policy Act 2003 (Vic)*

*Financial Management Act 1994 (Vic)*



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