



Annual Report

2017-2018



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Vision and strategic themes

The Metropolitan Fire Brigade is a contemporary fire and rescue service which has proudly served the Victorian community for 127 years.

We aspire to provide a world-class fire and rescue service for Melbourne and Victorians.

Our shared vision with Emergency Management Victoria is building safer and more resilient communities.

Our strategic themes for 2015–2018 are:

- Always safe
- Improving community safety and resilience
- Valuing our people
- Delivering exceptional service
- Working with others

MFB's values are:

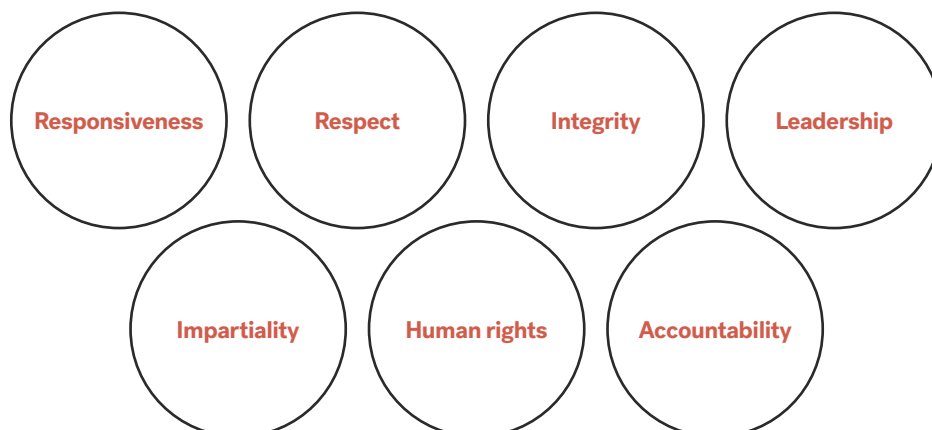
Safety: We strive for a workplace culture of safety, identifying and remedying the causes of workplace injuries.

Response: We are responsive to the needs of our people and our community.

Professionalism: We work in a highly professional manner.

Initiative: We demonstrate initiative, innovation, and agility as we continuously improve our service.

MFB also upholds the Victorian Government Public Sector values:



Letter to the Minister

The Hon. James Merlino MP
Minister for Emergency Services
Level 3, 1 Treasury Place
East Melbourne 3002

Dear Minister,
I have much pleasure in submitting the 2017-18 Annual Report of the Metropolitan Fire and Emergency Services Board in accordance with the *Financial Management Act 1994* (Vic.).

Yours sincerely,



Jasmine Doak

President
Metropolitan Fire and Emergency Services Board
20 August 2018

President's foreword



All MFB people should be very proud of this past 12 months. What we have achieved together is an amazing feat in often very challenging circumstances. We have supported our community by attending over 6,800 fires, 4,100 Emergency Medical Response incidents, and 4,400 rescues and other medical emergencies – an increase on last year.

The time I spent with our executive, corporate, workshop, operational staff, and museum volunteers over these past 12 months has given me a real insight and understanding of the importance of our traditions, our history and, importantly, our future. In particular, the time I spent on shift showed me first-hand the incredible contribution MFB people make to vulnerable members of our community – the skill, strength, care, humility, empathy and dedication that I saw in our firefighters while I was on shift was nothing short of inspirational. Being part of this amazing organisation fills me with great pride.

The MFB Corporate and Technical Employees Enterprise Agreement 2017 was approved this year and was implemented without delay. Unfortunately, the same cannot be said for the Metropolitan Fire and Emergency Services Board & United Firefighters Union Operational Staff Agreement 2016 which has been approved by the Board and the operational employees covered by the agreement but has since been caught up by third-party intervention. MFB is working hard to ensure that the agreement is approved as soon as possible so that our organisation and our operational staff have the certainty they need and deserve.

In May 2017 the Victorian Government announced plans to establish Fire Rescue Victoria (FRV), to bring all MFB and Country Fire Authority career firefighters into one organisation and, crucially, to provide support to firefighters diagnosed with a 'fire' cancer. The legislation was introduced in May of that year and was introduced into the Legislative Council on 8 June 2017. In March 2018, after more than 17 hours of debate, the Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Bill 2017, was voted on, but unfortunately not passed. I watched the unprecedented scenes in Parliament as the proposed Bill was voted down, acutely aware that a number of our past and present staff have been touched by 'fire cancers' and they have had to face this battle without the workers' compensation support usually afforded to those impacted by workplace illnesses and injuries. MFB remains committed to presumptive rights for its firefighters and we will do all we can to ensure and support their health and wellbeing including targeted health monitoring programs as well as seeking to eradicate exposure to dangerous chemicals.

This year we proudly celebrated International Women's Day in our wonderful Fire Services Museum and celebrated the achievements of women in our networks and reflected on our experiences at MFB including our recent Victorian Firefighter Recruitment campaign. The joint campaign with CFA attracted 123 applications from women seeking to join MFB. At MFB we strive to be world-class in everything we do, and this extends to our commitment to improving diversity within our workforce. Although this year marks 30 years of female firefighters in our workforce and 35 years of women in operational communications, we still have a lot of work to do before our workforce adequately reflects the diversity of the community that we serve.

**At MFB we strive to be world-class
in everything we do, and
this extends to our commitment
to improving diversity within
our workforce.**

I want to take this opportunity to thank Deputy Chief Officer Greg Leach who led MFB as Acting Chief Officer for much of last year and, more recently, as Acting CEO. Greg's professionalism and unwavering commitment to MFB is greatly appreciated. Deputy Chief Officer David Bruce also made a great contribution during his time in the Acting Chief Officer role.

The MFB Board has welcomed three new Board members in the past year and I am grateful to Gennaro Fittipaldi, Peita Duncan, and Greg Sword for joining us and, along with our other Board members; Stuart Alford, Fiona Chamberlain and Kylie Hall, generously sharing their time, knowledge and experience for the betterment of MFB. I would also like to thank Dr Andi Diamond who served as our President until January this year.

This year we conducted an international search to identify and appoint an experienced leader with a strong background in complex fire services operations to take on the newly created combined Chief Officer and Chief Executive Officer role. In April we proudly announced the appointment of Mr Dan Stephens to MFB from the Merseyside Fire and Rescue Service in the United Kingdom, and who commenced with MFB in May. Dan's commitment to fire services is clearly demonstrated in his advocacy for firefighters and operations. He has brought a strong focus to MFB in prioritising safety critical training as well as physical and mental health issues for firefighters. Under Dan's leadership, I have no doubt that MFB will thrive and will be even better able to deliver a world-class fire and rescue service to our Victorian community.

Personally, I am excited about the opportunities we have ahead of us – the opportunity to live our values, to further engage the community, to work together to learn, to solve problems and to innovate and, importantly, to write our own stories. My Board and I are committed to ensuring that 2018–19 is the start of a new era for MFB – an era where we are aligned and inclusive, and where we work together towards our shared vision. The people of MFB and the Victorian community deserve nothing less.



Jasmine Doak

President

Note: Jasmine Doak was appointed
President in February 2018

Chief Officer/Chief Executive Officer's report

I'd like to start by stating what a privilege I consider it to serve as MFB's Chief Officer/Chief Executive Officer. This is a newly combined position which brings our organisation in line with other contemporary emergency services.

It's just over a month since I commenced in the role and I am continually inspired by the organisation and our people. Employees are the foundation of any organisation and coming from an international background I can say without fear of contradiction that MFB staff are among the best in the world. I never cease to be impressed by the expertise and dedication of our outstanding people who strive to make our organisation the best it can be every day.

As a contemporary fire and rescue service, MFB doesn't just tackle large-scale emergency incidents. Our employees make Melbourne a safer place to live in so many different ways, from advocating for important safety measures and initiatives, to educating and supporting our vulnerable community members, driving reform and providing world-renowned training and technical expertise.

Throughout the year, MFB's involvement in major incidents, within the Metropolitan District and across the state, highlight the extent of the skills, knowledge and expertise that our firefighters possess.

This was demonstrated in a number of complex and challenging incidents, including a significant fire at SKM Recycling in Coolaroo, which saw over 600 firefighters deployed over a protracted three-week period.

Our expertise and experience were also called upon during the bushfires in Warrnambool and Cobrico when our strike and impact assessment teams were deployed, along with MFB's Remote Piloted Aircraft Systems operators.



An incident in Flinders Street, Melbourne, highlighted the strength of Victoria's emergency services arrangements, with all agencies working seamlessly together in response to this incident.

This year also saw the first public release of MFB response time data. This is an important initiative and MFB is committed to publishing this information quarterly to keep the public informed and to uphold our responsibility to provide a fast and effective response to emergency incident.

We have continued to invest in resources and infrastructure projects for the benefit of our people, and the community that we serve. New firefighting appliances are being commissioned as part of our ongoing appliance replacement program and we have two fire stations for Derrimut and Box Hill currently in detailed design phase that will continue to construction stage through 2018-19. Derrimut is set to become Australasia's first 5 Star sustainable fire station on the Green Star rating system.

We have continued to invest in resources and infrastructure projects for the benefit of our people, and the community that we serve.

In a landmark deal more than two years in the making, all Victorian firefighters are set to receive upgraded breathing apparatus in the next 18 months that will align with equipment used across the Victorian Emergency Services sector and will significantly improve the safety, efficiency and interoperability of our firefighters on the front line.

Since arriving at MFB, I've been extremely impressed by the organisation's efforts in advocating for changes to built environment legislation and policy which are having a huge impact on community safety at home and globally. Following the Lacrosse fire in Melbourne and tragically in the wake of the Grenfell Tower fire in London there has been an increased focus on issues surrounding combustible cladding and MFB's structural fire safety experts have continued to be at the forefront of this work.

As an organisation, we continue to strive to build a workforce that better reflects the community we serve. In February this year, we launched a joint recruitment campaign in partnership with the CFA and UFU to improve the diversity of the organisation with a focus on attracting more women. We will continue to build on this work in future recruitment, as by enhancing MFB's culture we contribute directly to building a world-class fire and rescue service. We are also empowering our employees to understand their rights and responsibilities to build a more respectful and safe workplace through the delivery of workplace behaviour training in partnership with the Victorian Equal Opportunity and Human Rights Commission. MFB continues to build on its current program of cultural reform which includes efforts to improve the recruitment of people from under-represented groups in the community, inclusive leadership, and a people-centred approach to health and wellbeing.

This is an exciting time for the emergency services sector with changes forecast for the fire and rescue service structure. While we await the passage of any legislation, what will not change is our commitment to the people of Melbourne and Victoria. No matter what is on the horizon, I can promise that MFB will continue to deliver the same exceptional service, 365 days a year. It's a matter of pride for us that we will always respond when our community needs us.

As I present my first Annual Report as the Chief Officer/Chief Executive Officer for MFB, I want to congratulate all our people on an exceptional year. I am committed to our organisation and am looking forward to continuing our work together to make MFB the best fire and rescue service, not only in Australia, but in the world.



Dan Stephens
Chief Officer/Chief Executive Officer

Note: Dan Stephens was appointed Chief Officer/
Chief Executive Officer on 28 May.

Purpose and functions



MFB is an independent statutory body established in Victoria pursuant to the *Metropolitan Fire Brigades Act 1958* ('MFB Act').

MFB's functions are to:

Provide for fire suppression and fire prevention services in the Metropolitan District

Provide for emergency prevention and response services in the Metropolitan District

Carry out other functions conferred on the Board by or under the MFB Act or other legislation

Assist in the response to any major fire or any large or complex emergency occurring within Victoria

MFB is required to perform its functions and exercise its powers under the MFB Act with the following objectives:

To contribute to a whole of sector approach to emergency management

To promote a culture within the emergency management sector of community focus, interoperability and public value

About us

What we do

MFB has a proud, illustrious history of serving the Victorian community. Our 2,342 employees help safeguard more than 3.4 million Melbourne residents, workers and visitors along with assets and infrastructure worth billions of dollars. Our day-to-day service covers an area of over 1,000 square kilometres and our significant resources can also be called on to support emergency management anywhere in Victoria. In addition, our specialist operational staff respond to major incidents both interstate and overseas.

As a contemporary fire and rescue service, MFB does so much more than just fighting fires. We provide emergency management for a range of complex incidents, drive systemic change to the built environment through reforms to building design, regulations and legislation and invest in research and develop prevention programs that improve community safety and build resilience.

Our work

MFB currently works to the prevention, preparedness, response and recovery model. This will be reviewed in 2018–19 with the development of our first Integrated Risk Management Plan.

Prevention

We strive to eliminate or reduce the incidence and severity of emergencies. We work with the community to provide fire safety education, prevention programs and campaigns to raise awareness and reduce risk. MFB conducts research, advocates and works with the community, our partner agencies, government and the private sector to ensure the knowledge, behaviours and regulatory and legislative frameworks exist to protect life and minimise injury and damage to property.

Preparedness

MFB advocates for safety in the built environment and the community, with the goal of reducing the occurrence, impact and severity of fires and other emergencies. Preparedness activities include ensuring response plans and arrangements are in place before emergencies occur. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services and identifying ways to mitigate the potential impacts of an emergency.

Response

When MFB is dispatched to incidents we work to minimise their impact and provide affected people and communities with immediate support. MFB delivers a highly skilled response to a range of incidents each year, including fires, hazardous incidents, automatic alarms, road incidents, medical emergencies, urban search and rescue and marine incidents. Last financial year, we responded to more than 39,000 call-outs.

Recovery

MFB supports emergency-affected people and communities and aims to improve their social, economic and physical wellbeing. MFB works with its partners and government to ensure that the community and its key resources are protected and assisted to recover following an incident.

Where we work

MFB delivers most of its services in the Metropolitan District – a two-region, five-district area – and operates 47 stations across 25 local government areas. Our structural arrangements are aligned to State Government regional boundaries that enable us to work cohesively with local, regional and state partners to plan, control and coordinate responses to incidents under the state emergency management arrangements. This is also the platform for integrated emergency management planning at the local, municipal, regional and state level.

MFB also plays a role in the State Control Centre and regional control centres, an arrangement which allows regional controllers from all agencies to work together on emergencies in their areas of responsibility. MFB also works with state and local government agencies, including the State Coroner, Energy Safe Victoria and 25 local councils to strengthen their emergency planning and preparation.

Our Minister

The responsible Minister is the Minister for Emergency Services.

The Board

Jasmine Doak

President

Appointed June 2017

Appointed President February 2018

Jasmine Doak is an experienced lawyer, industrial relations, and human resources professional and is a graduate of the Australian Institute of Company Directors. Jasmine's career includes senior legal and management roles at leading organisations including MinterEllison Lawyers, Mazda Australia and Linfox.

Currently, Jasmine is the General Manager, People Strategy at AGL Energy Ltd, one of the leading integrated energy companies and largest ASX-listed owner, operator and developer of renewable energy generation in Australia.

Jasmine is also a board member of the Victorian Managed Insurance Authority, whose purpose is to build a confident, resilient Victoria through world-leading harm prevention and recovery.

Jasmine is often engaged as a professional speaker and facilitator in a range of areas including women in leadership, mental health in the workplace and strategic industrial relations.

Stuart Alford

Board Member

Appointed September 2013

Stuart Alford joined the MFB Board following a distinguished career as a chartered accountant, having worked for international accounting firm Ernst and Young for 40 years, including 27 years as a partner. He is currently a board member of AMES Australia and Kilvington Grammar.

Stuart is also Deputy Chair of the Audit and Risk Committee for the Department of Education and Training, an Audit Committee Member of the Victorian Curriculum and Assessment Authority, Chair of the Audit Committee, Office of the Australian Accounting Standards Board and Office of the Auditing and Assurance Standards.

Stuart is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Australian Institute of Company Directors.

Kylie Hall

Board Member

Appointed November 2016

Kylie Hall is a Special Counsel at Holding Redlich Lawyers and practises in commercial litigation, corporate crime, insolvency and regulatory matters. Kylie has been admitted to practice for more than 10 years and has worked in numerous high-profile disputes involving alleged price fixing, bribery and corruption.

Kylie has experience in a range of jurisdictions and has represented clients in various investigations instigated by the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission and the Independent Broad-based Anti-corruption Commission.

Kylie's experience also extends to general commercial and contractual disputes and corporations law.

Fiona Chamberlain

Board Member

Appointed March 2017

Fiona Chamberlain is the Chief Executive Officer of the County Court of Victoria, the state's principal trial court.

Fiona has held senior executive roles with the Victorian and Northern Territory governments, leading in the areas of high-level policy development and implementation, strategic asset investment and management, and with the reform of organisations and their work systems.

Fiona holds Master degrees in International Management and Organisational Leadership, is a member of the Australian Institute of Company Directors, a qualified mediator, and a long-time proponent of systems leadership.

Gennaro Fittipaldi

Board Member

Appointed November 2017

Gennaro Fittipaldi is a lawyer with extensive experience in personal injury litigation. He has represented and acted on behalf of government departments, insurers, employers and more recently, injured workers.

After working as an in-house lawyer at WorkSafe Victoria, Gennaro joined MinterEllison Lawyers in 2008 and was promoted to Senior Associate in 2010. He joined Holdstock Fittipaldi Law as a Principal in 2015.

Peita Duncan

Board Member

Appointed January 2018

Peita Duncan is an experienced professional with skills in business development, sales, marketing, senior management and change management.

She has worked for a number of law firms in business development and management roles, and is currently a director of Xcelerate Consulting, which provides human resources, business development, business operations and recruitment support to professional services clients. Peita has also worked internationally based in the United States of America for a global confectionery manufacturer.

Peita is the Deputy Chair of Greyhound Racing Victoria, and was formerly a Non-Executive Director of the Emergency Services Telecommunications Authority.

Greg Sword AM

Board Member

Appointed March 2018

Greg Sword is a highly experienced industrial relations professional and a graduate of the Australian Institute of Company Directors. Greg's professional experience includes roles as Chairman of St Vincents Public Hospital Melbourne, National Secretary of the National Union of Workers, Senior Vice President of the ACTU and CEO of LUCRF Industry Super.

Currently, Greg is the Acting Chief Executive Officer of the Lake Tyers Aboriginal Trust. He is also the Founding Director of the Victorian Endowment for Science Knowledge and Innovation (VESKI) and is continuing in his role as Project Director for the LUCRF Community Partnership Trust.

Greg was awarded an Order of Australia Medal (OAM) for his contribution to the Trade Union Movement and to society in general and he also received a Lifetime Recognition Award for contribution to the Victorian Manufacturing Industry from the Victorian Government and the Manufacturing Industry Consultative Council.

Andi Diamond

Appointed May 2015
Resigned January 2018

David Purchase

Term ended July 2017

Executive Leadership team

On 30 June 2018 our Executive Leadership team comprised:

Dan Stephens

Chief Officer/Chief Executive Officer

Vacant

Executive Director Corporate Governance and Corporate Secretary

Kirstie Schroder

Director Office of the CEO

Acting Deputy Chief Officer

Mark Swiney

Acting Executive Director
Emergency Management

Elizabeth Holley

Executive Director
People and Culture

Glenn Ockerby

Acting Executive Director
Corporate Services

Deputy Chief Officer Greg Leach

Executive Director Organisational
Learning and Development

Deputy Chief Officer Dave Bruce

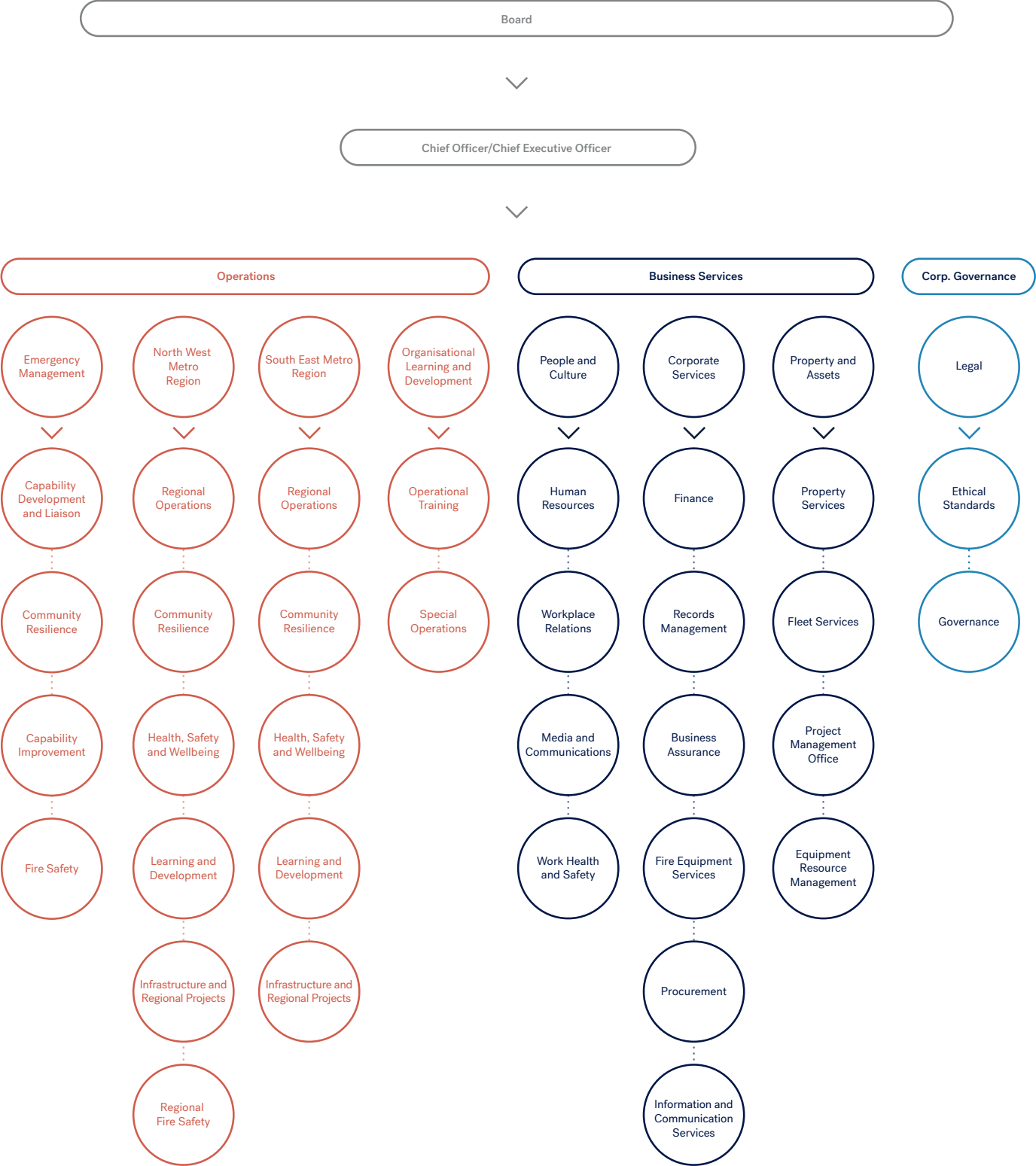
Regional Director North West Metro Region

Acting Deputy Chief Officer

Rob Purcell

Acting Regional Director
South East Metro Region

Organisational structure



Our performance

Figure 1
MFB calls attended

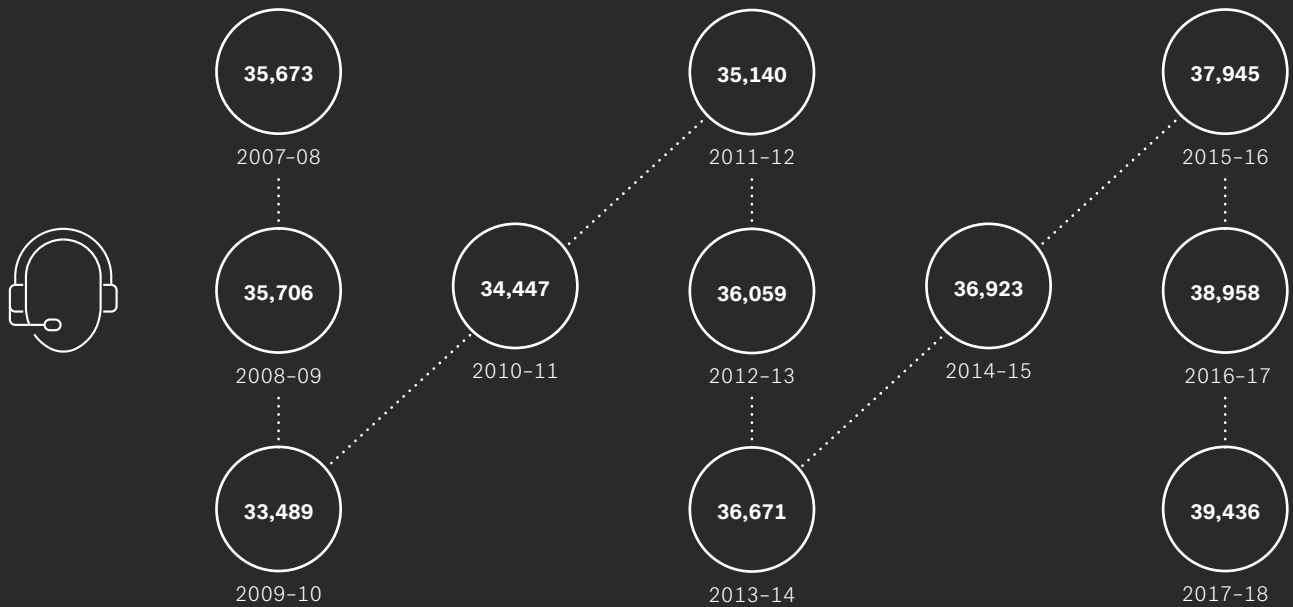
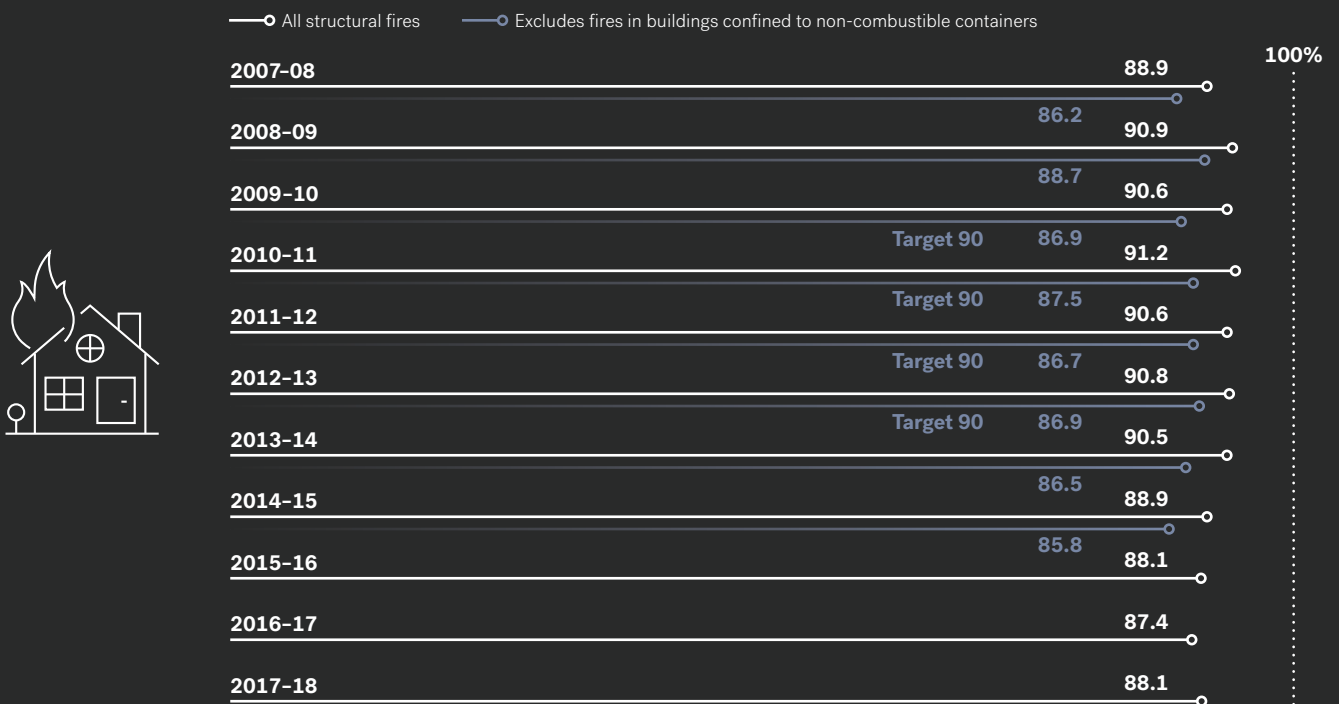


Figure 2
Confinement of fires to room of origin



Our performance (continued)

Figure 3

Preventable fire-related fatalities

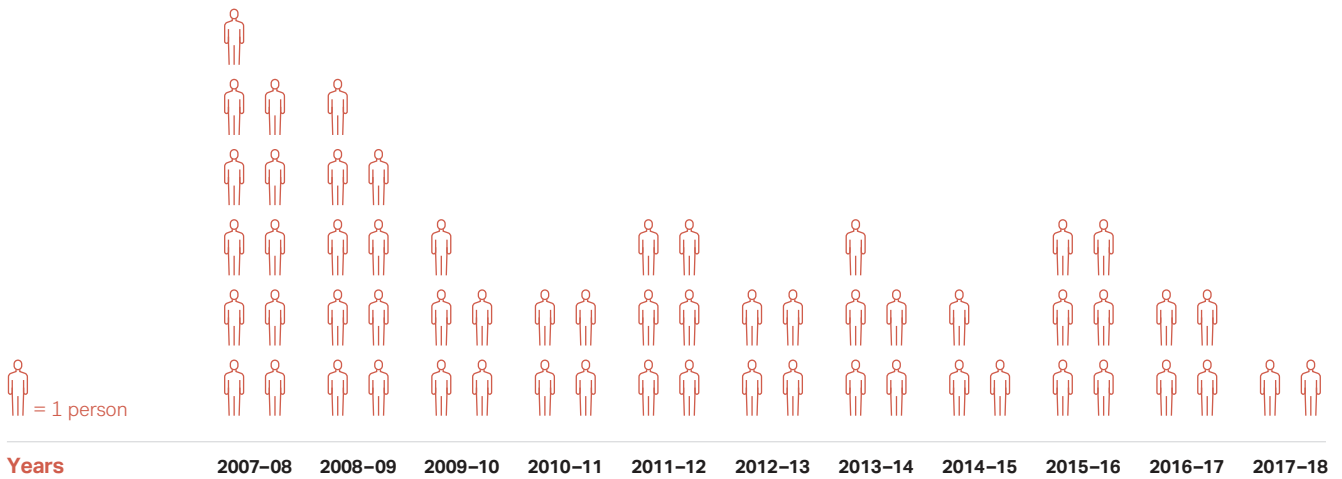


Figure 4

Breakdown of building fires by type of property use (MD only)

	Residential	Shop/Store	Institutional	Public assembly	Manufacturing	Educational	Other structure
2016-17	1,228	227	92	88	100	48	285
2017-18	1,220	240	90	111	75	51	211
Average 07-08 to 16-17	1,295	309	135	115	96	64	216

Figure 5

Emergency response times meeting benchmarks

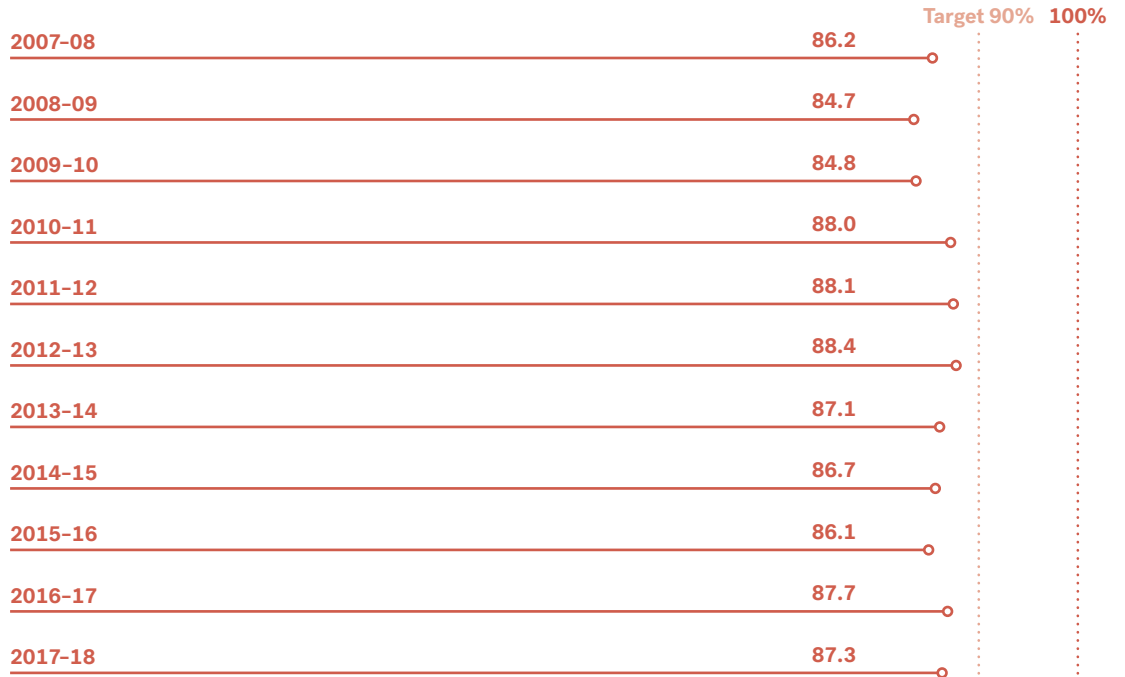
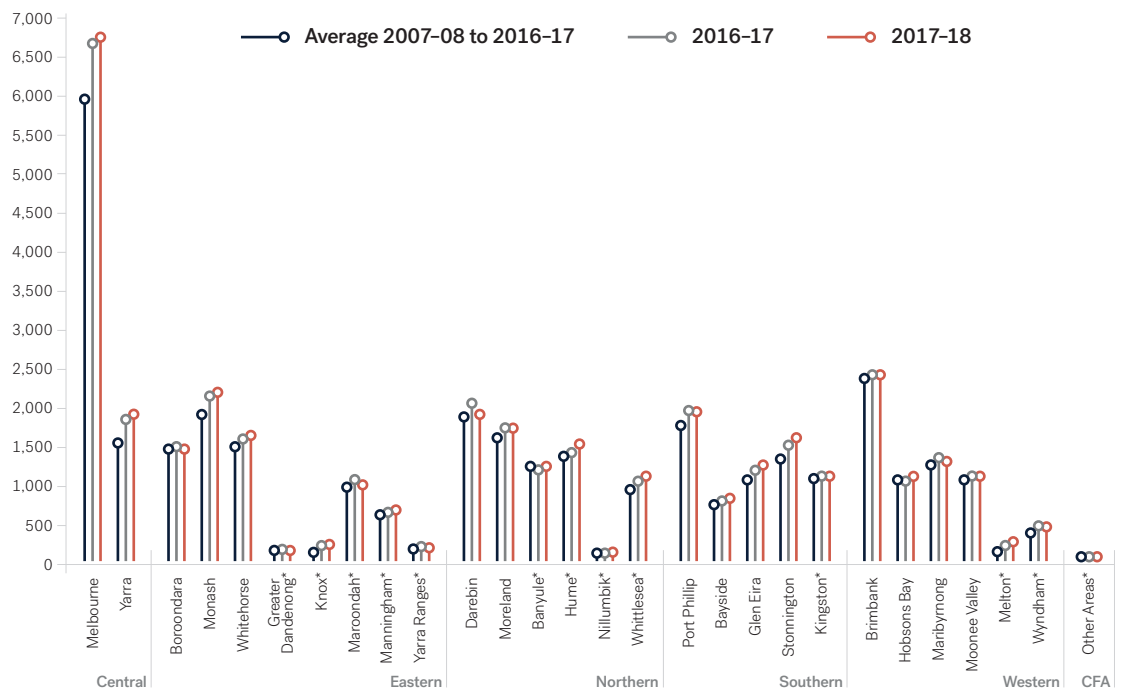


Figure 6

Number of calls by LGA (MD and CFA areas)



Note:
This chart shows all calls attended by MFB. LGAs crossing the MD boundary are denoted by a star (*).

Our performance (continued)

Figure 7

Level 3 and above alarms attended by the MFB in the MD: 2015-16 to 2017-18

This chart only displays calls that were determined to be third alarm or greater during the incident. Last year's chart included incidents with a similar response profile to Level 3 incidents.

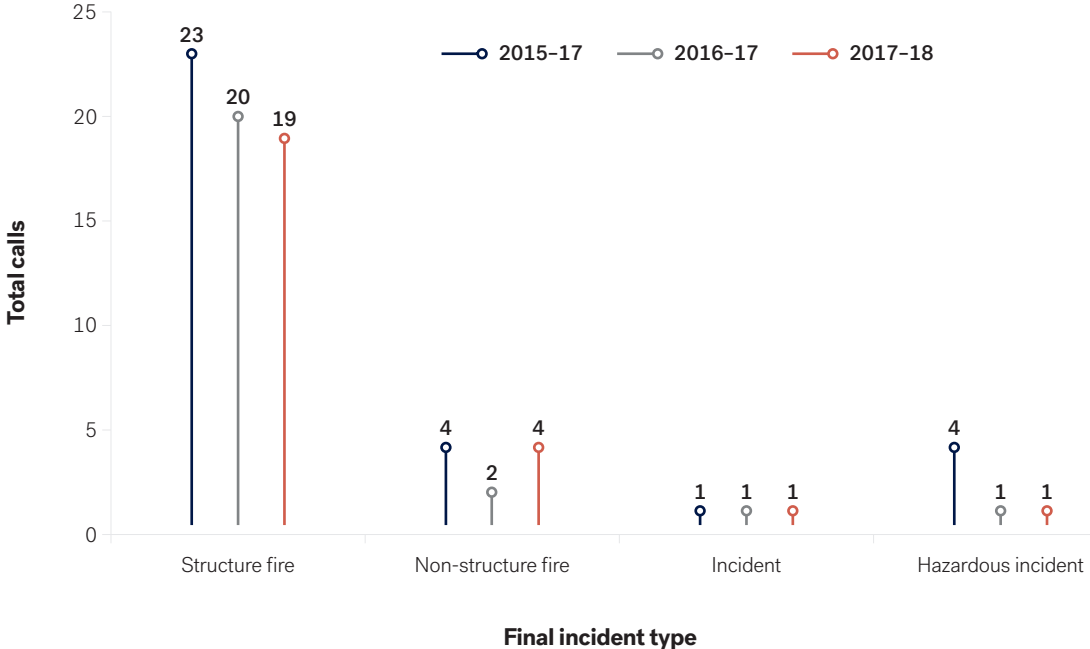


Figure 8

Summary by suburb

2015-16

Suburb	Final incident type	Alarm level	No. of calls
Broadmeadows	SF	4	1
Brooklyn	NS	4	2
Brunswick	SF	3	1
Calder Park	NS	3	1
Campbellfield	SF	3	2
Caulfield South	SF	3	1
Cheltenham	SF	3	1
Coburg	SF	3	1
Deer Park	HZ	3	1
Delahey	FA	3	1
East Melbourne	SF	3	1
Footscray	SF	3	1
Glen Waverley	SF	4	1
Heidelberg West	SF	3	2
Keilor East	HZ	3	1
Laverton North	NS	3	1
Melbourne	SF	3	3
Moonee Ponds	SF	3	1
Mordialloc	SF	4	1
Port Melbourne	SF	4	1
Preston	HZ	3	1
Ringwood	SF	3	1
South Melbourne	SF	5	1
South Yarra	HZ	3	1
Sunshine North	SF	3	1
West Footscray	SF	3	1
West Melbourne	IN	4	1
Williamstown North	SF	3	1

2016-17

Suburb	Final incident type	Alarm level	No. of calls
Altona North	NS	3	3
Broadmeadows	SF	3	3
Broadmeadows	SF	4	4
Brunswick	SF	3	3
Campbellfield	SF	3	3
Clayton	SF	3	3
Coolaroo	SF	3	3
Coolaroo	SF	6	6
Docklands	SF	3	3
Essendon Fields	SF	4	4
Fawkner	SF	3	3
Fitzroy	SF	3	3
Footscray	SF	5	5
Hoppers Crossing	SF	3	3
Keilor East	SF	3	3
Laverton North	SF	4	4
Laverton North	NS	3	3
Melbourne	IN	3	3
Moorabbin	SF	3	3
Preston	SF	3	3
Sunshine North	SF	4	4
Thomastown	SF	3	3
Thomastown	HZ	3	3

2017-18

Suburb	Final incident type	Alarm level	No. of calls
Brunswick	SF	3	1
Carlton	SF	3	2
Cheltenham	NS	5	1
Coburg	SF	3	1
Coolaroo	SF	8	1
Cremorne	SF	3	1
Doncaster	SF	3	1
Essendon	SF	3	2
Heidelberg	HZ	3	1
Laverton North	SF	3	1
Laverton North	NS	3	2
Malvern	SF	3	1
Maribyrnong	SF	3	1
Maribyrnong	SF	5	1
Mount Waverley	SF	3	1
Mulgrave	IN	3	1
Reservoir	SF	3	1
Somerton	SF	4	1
Sunshine	SF	3	1
Sunshine North	NS	3	1
Truganina	SF	3	1
West Footscray	SF	3	1








Key

FA	False alarm
HZ	Hazardous materials incident
IN	Other incident
NS	Non-structure fire
SF	Structure fire

Our performance (continued)

Figure 9













Breakdown of calls attended by type of incident (MD only)

	Fires and explosions	Hazardous conditions (not a fire)	Emergency Medical Response	Rescues and other medical assistance	Service calls	False alarms and false calls (incl. good intent calls)	Other situations
							
2016-17	6,600	3,167	3,824	4,450	1,464	17,732	139
2017-18	6,810	3,277	4,136	4,498	1,535	17,477	97
Average 07-08 to 16-17	7,881	3,268	3,626	3,481	1,287	15,256	139

False Alarms included 122 calls that were impacted by data transfer issues in March and April 2017. These calls have been reviewed and determined that they are false alarms.

Figure 10

Emergency management capability

Key	Major outputs/deliverables performance measures	Units of measure	2017-18 state target	2017-18 MFB target	2017-18 MFB actual	Result	Notes
	Quantity						
Performance target achieved or exceeded	Permanent operational staff	Number	3,385	1,944	1,981		
	Permanent support staff	Number	1,406	343	344		
	Quality						
Performance target not achieved – Within 5 per cent variance	Road crash rescue accredited brigades/units	Number	131	5	5		
	Level 3 Incident Controller trained staff and volunteers	Number	96	6	5		(1)
	All structural fires contained to room or object of origin	Per cent	80	90	88		(2)
	Multi-agency joint procurements of systems or equipment	Number	2	0	0		
Timeliness							
	Emergency response times meeting benchmarks (All Structural Fires) – Budget Paper 3	Per cent	90	90	91		
	Emergency response times meeting benchmarks (Road Accident Rescues) – Budget Paper 3	Per cent	90	90	84		(3)
	Emergency response times meeting benchmarks (Emergency Medical Response) – Budget Paper 3	Per cent	90	90	95		

MFB contributes to the Victorian Government's Budget Papers within the Emergency Management Capability output. This forms part of the Department of Justice's Supporting the State's Fire and Emergency Services Output Group. The Budget Papers report state-wide performance.

- (1) MFB currently has five operational staff members that are trained and accredited as Level 3 Incident Controllers. This is a role that requires significant operational knowledge and experience and MFB is progressing the development of command staff to meet the target number.
- (2) The state-wide target is 80 per cent. MFB performance is consistently higher than the state-wide target.
- (3) Out of the 238 appliance attendances, 38 did not meet the 13.5 minute target. It should also be noted that 26 per cent of these attendances were within 30 seconds of the 13.5 minute target and a further 17 per cent may have met the target if the appliance was booked onscene at the correct time.

Figure 11

MFB balanced scorecard

Key	Major outputs/deliverables performance measures	Units of measure	2017-18 target	2017-18 outcome	Result	Notes
✓	KPI 1 Reduce LTIFR (Lost Time Injury Frequency Rate)	Number	42	57	□	(1)
Performance target achieved or exceeded	KPI 2 Reduce LTISR (Lost Time Injury Severity Rate)	Number	26	20	✓	
○	KPI 3 Improve Hazard/Near Miss: Injury Rate Ratio	Number	6.1:1	1.21:1	□	(2)
Performance target not achieved - Within 5 per cent variance	KPI 4 Increase four-person crewing	Number	14	13	○	(3)
	KPI 5 Improve containment of structure fires	Per cent	90	88	○	(4)
	KPI 6 Reduce structure fires per capita	Per cent	-2	-2	✓	
□	KPI 7 Increasing firefighter-generated community and fire safety notifications	Number	911	1,555	✓	
Performance target not achieved - Exceeds 5 per cent variance	KPI 8 Deliver community resilience education programs	Number	97	97	✓	
	KPI 9 Number of stations/worksites visited against those scheduled	Per cent	85	54	□	(5)
	KPI 10 Complete core firefighting skills maintenance	Per cent	94	93	○	
	KPI 11 Achieve 5 per cent female firefighters by 2018	Per cent	5	3.5	□	(6)
	KPI 12 Timely completion of corporate performance appraisals	Per cent	90	47	□	(7)
	KPI 13 Structure fires (SF) response times within benchmark (7.7 minutes)	Per cent	90	91	✓	
	KPI 14 Road accident rescue (RR) response times within benchmark (13.5 minutes)	Per cent	90	84	□	(8)
	KPI 15 Emergency medical response (EMR) times within benchmark (9.2 minutes)	Per cent	90	95	✓	
	KPI 16 Permanent operational staff	Number	1,944	1,981	✓	
	KPI 17 Permanent support staff	Number	343	344	✓	
	KPI 18 Strategic actions health	Per cent	100	90	□	(9)
	KPI 19 Achieve net operating result budget (millions)	Per cent	(\$9.3)	(\$8.9)	✓	
	KPI 20 Achieve capital program budget	Per cent	100	85	○	
	KPI 21 Total operational fleet availability	Per cent	84	82.74	○	(10)
	KPI 22 Level 3 Incident Controller trained staff	Number	6	5	□	(11)
	KPI 23 Road crash rescue units	Number	5	5	✓	

- (1) Knee and lower back injuries continue to feature in terms of claim numbers. It is not uncommon for these injuries to also require further intervention by way of surgery/medical procedures (in particular, knee injuries). Seventy-seven per cent of back claims resulted in lost time with an average of 12.21 lost shifts per LTI, while 76 per cent of knee claims resulted in lost time and an average of 18.14 lost shifts per LTI.
- (2) Lead indicators (near miss and hazard reports) continue to account for 54 per cent of the total reported WHS incidents on MFBsafe over the past year. This suggests that we continue to maintain a positive 1:1 reporting culture. The monthly and yearly ratios remain significantly below the target of 6.1:1, even after significant investment by the Work Health and Safety Department and WHS Commanders in promoting the importance of positive reporting and early intervention.
- (3) For the month of June there was an average of 14.9 additional four-person crews where the appliance has a minimum of three. The 2017-18 result has increased from 12.8 to 13.0 when compared to the previous financial year but remains below target due to the impact of lower figures in the first half of this year. Since January, when the new rostering guidelines were implemented, the monthly average has exceeded the target for six consecutive months.
- (4) The state-wide target is 80 per cent. MFB performance is consistently higher than the state-wide target.
- (5) There were 26 visits scheduled for the June quarter, of these 14 were conducted with 12 visits cancelled or rescheduled for various reasons including conflicting commitments. In total 16 senior leaders and 15 operational leaders attended the different visits, as well as the visits in their own departments.
- (6) The combined MFB/CFA recruitment campaign is nearing conclusion with three joint recruit courses to commence as follows: VRFC 3 with 30 Recruits (MFB 13) commences 24/7/18, VRFC four with 30 Recruits (MFB 13) commences 28/7/18 and VRFC 5 with 30 Recruits (MFB 14) commences 1/8/18. Of the 90 recruits to commence on these courses there are 10 women comprising four MFB and six CFA. A further four (MFB) women are in consideration for a course to commence in February 2019. Work has commenced to review the joint process in preparation for a new campaign to begin in the second half of 2018.
- (7) Of the 220 eligible employees, a total of 122 employees have completed the task of setting position objectives for the coming year. This means a total of 47 per cent of position objectives have been set on time for the financial year 2017-18.
- (8) Out of the 238 appliance attendances, 38 did not meet the 13.5 minute target. It should also be noted that 26 per cent of these attendances were within 30 seconds of the 13.5 minute target and a further 17 per cent may have met the target if the appliance was booked on scene at the correct time.
- (9) At the end of 2017-18, one project (10 per cent) has met its milestones, eight projects (80 per cent) have substantially met their project milestones and one (10 per cent) has not met their project milestones (Operational Capability Framework project). The overall strategic actions health is 90 per cent.
- (10) A number of factors contributed towards reduced availability such as an unusually high level of second-stage pump failures, significant delays by contractors to repair aerial appliances, and unplanned leave.
- (11) MFB currently has five operational staff members that are trained and accredited as Level 3 Incident Controllers. This is a role that requires significant operational knowledge and experience and MFB is progressing the development of command staff to meet the target number.

Faces of MFB

Living the dream

The lure of firefighting has always beckoned for Karina Bodourian and Tayte Pears.

The dream finally became a reality last year when the duo was accepted into MFB as recruit firefighters.

What followed was a challenging 20 weeks on recruit training courses VRFC2/17 and VRFC4/17 before making it onto shift as level 1 firefighters.

'It's been an amazing journey so far,' said Tayte, who is based at MFB's flagship Eastern Hill Fire Station.

For me, the first month of the job was an immense learning curve. Though, as the months roll on and you're exposed to various types of calls, your skill set and confidence is strengthened.'

The 27-year-old began his career as an AFL footballer but always knew he was destined for something else.

'Every day I pinch myself because I'm so thrilled to be doing this job. I can see now why firefighters say it's the best job in the world.'

– Karina Bodourian

'Firefighting was something I always wanted to do ever since I can remember. It was just about timing. When the opportunity came up, I retired from footy, joined MFB and I've never looked back.'

After years spent backpacking around the world, 34-year-old Karina decided to fulfil a lifelong dream of becoming a firefighter. A year on, she's a valued team member at West Melbourne Fire Station and says she's never been happier.

'It sounds like a cliché, but it's a dream come true,' she said. 'Every day I pinch myself because I'm so thrilled to be doing this job. I can see now why firefighters say it's the best job in the world.'

The pair say the variety and sense of camaraderie is what appeals most about the job.

'I love going into work every day and not knowing what the day is going to bring. No one day is the same and I find that exciting,' Karina said.

'Working at MFB is like working in one big family,' said Tayte.

'We're all a team. When the bells go off and you go to a fire call, you're relying on your team mates to work together towards an end goal and that's incredibly rewarding.'

'And just knowing you're making a difference in the community makes it all worthwhile.'



Firefighter Karina Bodourian and Firefighter Tayte Pears

Major incidents

It was a busy year for MFB's operational staff, who responded to 39,436 call-outs, both within and outside of the Metropolitan District. Throughout the year, MFB led emergency response efforts at a number of complex and protracted incidents. Some of these are summarised below:

3 July 2017

Shop fire Coburg

On 3 July 2017, MFB firefighters were called to a fire in a block of shops on the corner of Harding and Russell streets in Coburg.

The fire started in a restaurant on the ground floor and quickly spread to the upper floors of the building, making firefighting operations difficult and causing extensive damage to adjoining premises.

By aggressively attacking the fire, firefighters were able to rapidly extinguish it, allowing local traders, businesses and public transport to resume normal activities in the shortest possible timeframe.

13 July 2017

SKM Recycling Plant Coolaroo

The Coolaroo Recycling Plant fire was MFB's largest and most complex incident in a number of years.

Firefighters were called out to the fire at the SKM site just before 9am on 13 July 2017. It was quickly escalated to an eighth alarm and was not deemed under control until two days later. MFB crews and our partner agencies remained on scene for several weeks.

Firefighters from MFB and the Country Fire Authority, along with interstate crews from South Australia, New South Wales and the Australian Capital Territory, attended the fire and, as well as providing essential fire suppression activities, also worked to mitigate the broader effects of the incident on the community.

Due to the resultant poor air quality numerous community warnings were issued and more than 100 residents were evacuated from the neighbouring suburb of Dallas. At the height of the incident, there were reports of ash falling as far away as Melbourne's CBD. A relief centre was set up for affected residents and community meetings were held regularly to keep people informed.

MFB's response to the incident was supported by Victoria Police, the Victorian State Emergency Service, the Environment Protection Authority, the Salvation Army, Melbourne Water, Yarra Valley Water, the Red Cross, WorkSafe, Ambulance Victoria, Hume City Council, and the Department of Health and Human Services.

The complex and protracted nature of the event meant that comprehensive emergency management strategies were needed to plan for fire mitigation, water management, business continuity, environmental protection, smoke management, equipment and personnel decontamination, equipment rehabilitation and community information.

Following the fire it was announced that Victoria would hold a state-wide audit of recycling facilities and increase the power of the Environment Protection Authority in relation to such facilities. MFB continues to be represented on the Resource Recovery Facilities Audit Taskforce which was put in place following this major incident.



Major incidents (continued)

30 September 2017

Factory fire Mount Waverley

On 30 September 2017, MFB firefighters were called to a fire at a disused single-storey factory in Ricketts Road, Mount Waverley.

The fire broke out just after midnight, causing the roof to collapse. Firefighters mounted an external attack on the blaze using specialist equipment, including aerial appliances.

Through employing a combination of effective tactics firefighters were able to protect neighbouring factories and minimise the impact on other businesses.

2 October 2017

Fire Lygon Street Carlton

On 2 October 2017, MFB firefighters responded to reports of a fire at premises on Lygon Street in Carlton.

The fire started in a two-storey building that had been undergoing renovations and quickly spread through to the top floor and to a business next door. At the height of the blaze, firefighters also had to contend with a wall which collapsed into a laneway. It took 60 firefighters an hour and 10 minutes to bring the fire under control. Approximately 15 people were evacuated from nearby residences for their safety and were accommodated at a local motel until it was safe for them to return to their homes.

Lygon Street was reopened that day thanks to successful firefighting strategies.

22 October 2017

Diesel spill Heidelberg hospital

On 22 October 2017, MFB firefighters attended a Heidelberg hospital following a diesel spill.

It is believed the incident began when a mechanical malfunction in the pump room on the hospital rooftop caused approximately 700 litres of diesel to leak to the level below.

MFB worked with the hospital emergency management plans and assisted hospital staff with relocating patients within the hospital during the incident.

Crews managed to contain the spill and stop it from spreading further using bags of absorbent. Air monitoring was conducted by firefighters on all levels of the hospital to ensure personnel safety.

The incident demonstrates the diverse range of emergency incidents MFB personnel are called to and showcases the skills and professionalism of our staff.

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6 November 2017

Gym fire Doncaster

Shortly before 7pm on 6 November 2017, MFB firefighters responded to a significant fire at a disused gym on Williamsons Road in Doncaster.

Due to the intensity of the blaze and concentration of smoke, local roads were closed and the nearby Doncaster shopping centre was partially evacuated.

Community messages were issued urging people to shelter indoors and keep roads clear for emergency vehicles. On scene, MFB coordinated and led Emergency Management team meetings with our partner agencies, including Victoria Police, Local Government Municipal Emergency Officers and the Doncaster shopping centre.

Aggressive firefighting tactics were implemented and the fire was deemed under control just after 8:30pm, an hour and a half after crews were initially called out. MFB remained on scene until the following day to ensure the fire was completely extinguished before handing the scene over.

12 November 2017

Factory fire Cremorne

On 12 November 2017, MFB firefighters were dispatched when two buildings caught fire near the iconic Nylex site in Cremorne.

Multiple calls to triple-zero were made following sightings of smoke in the area and embers coming through the roof of a building next to the Nylex site.

Firefighters arrived on scene in less than six minutes and additional appliances were called as the fire quickly spread.

Crews worked to contain the fire to the buildings of origin but neighbouring premises suffered heat and smoke damage. Firefighting efforts were complicated by a partial wall and tower collapse.

Traffic on the Monash Freeway and several nearby roads were closed due to firefighting activities and to protect passers-by from radiant heat.

16 November 2017

Trench rescue Essendon

Five firefighters received commendations from MFB's Chief Officer/Chief Executive Officer for their role in the rescue of a man trapped in a trench in Essendon.

Crews arrived at the worksite to find a 25-year-old construction worker trapped up to his neck in dirt 4 metres down a trench and a colleague trying to dig him out.

Specialist MFB trench rescue operators painstakingly removed earth from around the victim, while a firefighter kept the man calm and positive.

They managed to free the man who was then able to climb up a ladder to safety.

Major incidents (continued)

19 November 2017

Restaurant fire Malvern

On 19 November 2017, almost 50 firefighters responded to a fire at an Indian restaurant on Glenferrie Road, Malvern. Crews arrived to find the fire was already well advanced.

Although several people had evacuated when crews arrived, there were initial concerns that there could still be others inside. Firefighters conducted a thorough search of the premises and confirmed no people remained inside.

A commercial-sized gas main was damaged during the incident and was intentionally left burning to remove the explosion risk from leaking gas. Community warnings were issued due to the significant concentration of smoke in the area.

During the incident live tramlines and power lines posed a risk to firefighter safety but crews were able to work safely and effectively. The fire was declared under control in just over 30 minutes.

30 November 2017

Grassfire Sunshine North

On 30 November 2017, MFB received multiple calls reporting a grassfire near Bunnett Street in Sunshine North.

MFB firefighters arrived on scene within six minutes and found a large grassfire spreading quickly. There was potential for the fire to spread to nearby factories and to impact on homes to the south and north and a community warning was issued.

Difficult terrain, a lack of access and illegally dumped rubbish all posed risks to MFB personnel during the firefighting efforts.

Trains were slowed due to the presence of smoke in the area. The quick work of crews meant the fire was extinguished before spreading to inaccessible terrain. There were no injuries, no damage to critical infrastructure, no loss or effect to business or trade in the area and no loss or damage to nearby residential properties. The area is also the habitat of the endangered striped legless lizard and without swift action the fire could have impacted their population.

1 December 2017

Floods Yea

In December 2017, many rainfall records were broken with Melbourne's CBD experiencing its wettest 24 hours since 1992. Regional Victoria was also hit hard with flood warnings issued for Euroa.

MFB deployed a Swift Water Task Force to the town of Yea in central Victoria to assist the community affected by flooding.

The team of 12 specialist MFB personnel provided swift water rescue and technical expertise to VicSES, CFA, Victoria Police and other emergency service agencies involved in the flood response in the nearby town of Yarck.

During the incident live tramlines and power lines posed a risk to firefighter safety but crews were able to work safely and effectively. The fire was declared under control in just over 30 minutes.

13 December 2017

Rubbish pile fire Laverton North

On 13 December 2017, MFB and CFA firefighters were called to a recycling plant facility in Laverton North after a fire broke out in a large rubbish pile.

The pile measured approximately 100 metres by 50 metres and was up to 7 metres high.

Firefighters attacked the fire from multiple angles with several aerial appliances utilised to tackle the incident. Staff from the recycling facility also assisted with breaking the pile apart using heavy machinery.

A community message was issued for smoke but luckily, there was only minor impact on the surrounding area. The fire was referred to the Resource Recovery Facilities Audit Taskforce, an initiative MFB has strongly advocated for.

21 December 2017

Flinders Street incident Melbourne CBD

When MFB received reports of a number of pedestrians being injured in an incident involving a vehicle on the corner of Flinders and Elizabeth streets just days before Christmas, MFB firefighters were on the scene within minutes.

Responding crews faced a chaotic scene, and worked seamlessly with our emergency service partners to provide emergency medical response, demonstrating selflessness, professionalism, courage and skill.

27 December 2017

Grassfire Cheltenham

On 27 December 2017, firefighters from MFB responded to a fast-moving grass and scrub fire in a heavily populated residential and commercial area in Cheltenham.

A community warning was quickly issued by the Incident Controller to evacuate residents in Glebe Avenue as the fire was spotting into their yards and moving towards their back fences. Several neighbouring streets were also evacuated.

Firefighters deployed water bombing aircraft to knock down the fire while crews also attacked it from the ground. At its height, approximately 90 firefighters from MFB and CFA were battling the blaze.

The fire was deemed under control within three hours; however, firefighters remained on scene overnight to monitor the area while Parks Victoria removed fire damaged trees. Thanks to the efforts of all involved, no houses were lost and no one was injured in the incident.

In a community meeting following the fire a resident speaking about the incident said, 'We were all running around with no idea what to do and other people panicking and then MFB turned up and within a short space of time, order was restored and we knew we were in good hands.'

Major incidents (continued)

28 January 2018

Flooding incident Mulgrave

On 28 January 2018, MFB and CFA firefighters responded to flooding at a factory in Mulgrave.

A large water main had burst inside the property on Wellington Road and the flooding caused part of the building to collapse.

MFB Urban Search and Rescue crews quickly determined that the building was safe for all involved and after ensuring that the leak was stopped, the factory was handed back to the owners for clean-up.

28 February 2018

Grassfire, defence property Maribyrnong

On 28 February 2018, approximately 100 firefighters were called to a fire that broke out on grassland on the former Maribyrnong ammunition factory site and quickly spread to a number of buildings.

Firefighting efforts were hampered by hot and windy conditions and a limited water supply and air support was called in.

The Incident Controller also had to carefully consider that the site was once a munitions factory and that there may be some risk to firefighters.

Water bombing helicopters were utilised and a community warning was issued. Local roads were shut down and traffic management plans were implemented to ease the congestion.

Significant resources were committed to extinguish the fire and firefighters worked throughout the afternoon and into the evening to bring the incident under control.

28 February 2018

Recycling facility fire Laverton North

On the same day and shortly after the Maribyrnong ammunition site fire, firefighters were called to another significant fire at a recycling facility in Laverton North. Extreme weather, including high winds and high temperatures, made it a challenging operation.

Command staff used the office area in the factory to create an incident control point as MFB's Control Unit was tied up at the nearby Maribyrnong fire.

MFB was on scene for two days before handing the premises back to the owner.

Personnel from MFB's Fire Safety team and the Resource Recovery Facilities Audit Taskforce met with operators over the following days to discuss the ongoing maintenance of the site.

Significant resources were committed to extinguish the fire and firefighters worked throughout the afternoon and into the evening to bring the incident under control.

17 March 2018

Bushfires Warrnambool

On the evening of 17 March, MFB deployed two strike teams to an emerging fire created by an evolving storm in Victoria's south-west. These two strike teams of five firefighting appliances led by MFB Commanders were established immediately and dispatched to aid firefighting efforts in Cobden and Gazette. Each strike team included 25 firefighters and was supported by administration officers.

The following morning, three MFB Impact Assessment teams were also deployed to operate out of the Warrnambool and Colac Incident Control Centres.

The fires burned for several weeks. At least 12 houses were destroyed in the fires but thankfully, no lives were lost.

17 March 2018

Peat fire Cobrico

Following the fires at Cobden and Gazette, MFB deployed Incident Management team personnel to fulfil a number of roles including those of Deputy Incident Controller, Deputy Operations Manager, Intelligence Officer, along with Remote Piloted Aircraft Systems (RPAS) operators, Hazmat technicians and scientific advisors. These personnel played key roles in managing fires in the south-west region of the state, including at Warrnambool and Cobrico.

A number of local residents were displaced during the incident due to smoke.

The nature of the incident meant that an above-ground pipeline had to be established to flood the area with water. MFB's RPAS operators were requested to provide intelligence using thermal imaging technology, including vital information on the extent of the fire and impacts on surrounding historical and cultural landmarks. MFB personnel also continued to play key roles in the Incident Control Centre.

The incident was protracted and MFB remained involved on scene until 2 May.

2 June 2018

Factory fire Somerton

On the afternoon of 2 June 2018, firefighters were called to a significant fire at a pasta factory in Somerton.

The first crews arrived on scene in less than two minutes and found the 80m x 30m building well alight and threatening neighbouring factories.

More than 50 MFB firefighters, supported by partner agencies, mounted an external attack on the blaze and ensured all workers were safely evacuated.

At the height of the incident, thick smoke blanketed neighbouring suburbs and a community warning was issued.

The fire was declared under control more than five hours later and crews remained on scene for several days.



Emergency Medical Response

Emergency Medical Response (EMR) is a collaborative program between Ambulance Victoria and MFB designed to improve survival from cardiac arrest.

MFB firefighters co-respond with the nearest ambulance and are trained to provide life-saving care to unconscious, non-breathing and pulseless patients.

MFB EMR responders are equipped with an oxygen resuscitation kit, comprehensive first aid kit and a semi-automatic defibrillation kit.

MFB's EMR service was first introduced in 1998 and will be celebrating its 20th anniversary later in the year.

Throughout the year, MFB's EMR program achieved some outstanding results.

2017-18 Highlights include:



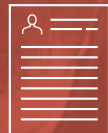
Response to **4,136** Emergency Medical Response calls



Exceeding benchmarks for response times with **95** per cent of incidents responded to within the **9.2** minute target (the MFB and government target is 90 per cent)



20 known successful resuscitations



Progress on a project to automate the Patient Care Record and Medical Ordering System



Improvements to firefighter education sessions in line with best practice

Number of personnel trained by EMS Department in 2017-18 period

Recertification MFB	450
Recertification CFA	38
Retention MFB	66
Retention CFA	177
Secondees (skill acquisition)	5
Confirmed lives saved since inception of EMR Program	229

* Recertification is when an EMR qualified firefighter is required to undertake a refresher course. Retention refers to firefighters completing their initial EMR skills acquisition.

Faces of MFB

Our eyes in the sky

Acting Station Officer Peter Loenen is MFB's eyes in the sky.

The veteran firefighter heads up MFB's Remote Piloted Aircraft Systems (RPAS) team.

It's a dream job for Peter, who has been flying remote aircraft for more than 30 years.

'I've always had an interest in aviation,' he said.

'But I never dreamed I'd be involved in flying remote aircraft as a firefighter.

'I feel very blessed that my hobby and passion has now become part of my day job.'

MFB was the first fire service in Australia to begin using drones in firefighting operations and began developing this capability in 2011.

The organisation currently has 15 firefighters trained as pilots and a fleet of nine RPAS.

The aircraft are equipped with high definition cameras and thermal imaging technology, providing incident controllers with vital intelligence about an emergency incident from the air.

While there was some initial scepticism, those in the emergency services sector have come to recognise the very real benefits of this technology to the community.

'Initially, some people thought they were toys and that we wouldn't get much out of them,' Peter said.

'But once they saw the benefits of the service and the quality of the vision, we won them over.

'Seven years on and the demand for our services is growing exponentially.

'This year, our operators were deployed for more than 100 days, which is double what it was the year before.'

Throughout the financial year, the team has contributed to firefighting efforts at several major incidents, including the Coolaroo recycling fire and the Cobden and Camperdown peat fires.

They have also assisted in large-scale searches for missing people and volunteer their expertise to help train other emergency services in this technology.

Peter says the technology has helped contemporise firefighting.

'With this technology available, we have much better situational awareness,' he said.

'We can get eyes in the sky very quickly without having to rely on full-scale aviation.

'And we can send the drones to places we couldn't send a firefighter to.'

With more than three decades under his belt at MFB, Peter says he still loves coming into work every day.

'I still have a great passion for the job and that hasn't changed,' he said.

'I love having the opportunity to be involved in this project and seeing the benefits to both the sector and the broader community.'



Acting Station Officer **Peter Loenen**

Always safe

Our priority is ensuring that everyone always returns home safe from work

Always Safe Program

The Always Safe Action Plan has continued to progress against MFB's 2018 objectives and the priority for the Work Health and Safety team remains centred on ensuring everyone returns home safe from work.

Key achievements in 2017-18 include:

- an enhanced employee support program, through an internal service model of clinical psychologists
- upgrades to wellbeing checks and the introduction of a new resilience program
- the incorporation of 'Safety in Design'
- maintenance of certification for AS/NZS: 4801
- a Major Hazards Program
- proactive risk management activities for PFAS and diesel
- fatigue management program
- upgrades to workers' compensation payroll processes.

WorkCover claim numbers remain comparable to previous years and musculoskeletal disorder injuries remain prevalent.

The management of these injuries has improved through MFB's Early Intervention Program,

which includes funded sessions of physiotherapy and osteopathy for employees.

By promoting a positive reporting culture and better access to early and sustainable return to work, we have been able to successfully reduce the severity of injuries and improve recovery.

In leveraging the success of Wellbeing Checks, the Health and Fitness team and the Employee Support Program continue to focus on providing a proactive and holistic approach to health management with a key emphasis on building resilience across MFB.

WorkCover data

There was an 8 per cent decrease in the number of WorkCover claims received compared to the previous year with a corresponding 13 per cent decrease in lost time injuries. The average number of lost shifts for a lost time injury also decreased by 2.5 per cent. The number of mental health claims decreased by 41 per cent. The rate of mental health claims remains better than that experienced by the Victorian workers' compensation scheme as a whole.

Year	Total claims received	Lost time injury (LTI) claims	Lost shifts	Severity rate (average shifts Lost per LTI)
2017-18	365	223	4,345	19.48
2016-17	397	257	5,129	19.96
2015-16	375	224	5,206	23.24
2014-15	322	189	4,852	25.67
2013-14	373	216	5,379	24.90
2012-13	353	202	5,416	26.81

Types of injuries



* The figures above are based on number of claims received and recorded in injuryConnect. Comparison is made based on the year on year figure previously reported. Note that the LTI and lost days figures are for accepted claims only.



Case Study

Exercise gets Dave back to his happy self

Leading firefighter Dave Hunt, from MFB's Marine Department has been no stranger to back pain.

He endured chronic pain for a number of years, and tried everything from physiotherapy, chiropractic treatments, massage, pain killers, exercises, and multiple denervation treatments.

He says these sessions gave him short-term relief, but it was never long before the pain came back.

'In retrospect these treatments only masked the symptoms of the problem. My mental wellbeing and general outlook suffered as a result,' said Dave.

'Things went from bad to worse when I aggravated my back with an injury at work in February – which meant I couldn't perform operational duties,' said Dave.

Cameron Micallef, a Fitness Officer from the Health and Fitness team heard about Dave's issue on the grapevine and convinced him to undertake a tailor-made exercise program to improve his core strength, and ultimately treat the problem.

'I was dubious at first, but went to meet him and was impressed with his explanation of how I could strengthen and heal myself using a program that he would guide me through.

'I began phase one of Cameron's program under his expert supervision and instruction, and I was feeling the benefits after only one week.

'Now in phase four of the program, I can honestly say that my life has been turned around – it may sound dramatic, but the difference in my quality of life is remarkable.

'I feel so much stronger, more confident and happy. My wife and children are also thrilled that I have left behind my old grumpy self. I wish that I had this knowledge, and had started doing these exercises years ago.

'I saw programs advertised on the MFB intranet over the years, and now feel like a bit of a fool for not following up on them. I didn't realise MFB had exercise physiologists on staff!'

Dave has since been recommending the service to anyone who has the slightest back complaint. He extended his thanks to Cameron and the Health and Fitness team for giving him a new lease on life.

Faces of MFB

Dedication to his peers all in a day's work

Scott D'Arcy joined MFB hoping to make a difference in the community.

Twenty years on and his legacy will undoubtedly be the impact he has made on the lives of his colleagues.

A Station Officer at the busy Eastern Hill Fire Station, Scott also serves in a seconded position as MFB's much-loved Peer Coordinator, a position he has held for the past two years after initially joining the Peer Support Program six years ago.

While finding the time to fulfil two roles may seem like a juggling act, it's a labour of love for the dedicated firefighter.

'As soon as I found out about the program I knew I wanted to be part of it,' he said.

'It's some of the best work I've ever done and for me the greater challenge is knowing when to pull back.

'If I could do it all day, every day, it wouldn't be a chore.'

MFB currently has 85 peers, who volunteer their time to help others and are specially trained in a range of skills including support and crisis intervention.

This well-regarded group is supported by clinical staff, including a network of psychologists and trainers.

It takes a special type of person to perform the role.

'I think you have to be non-judgemental and you have to be able to hold a lot of confidences,' Scott said.

'It's extremely rewarding work because you get to help people who may be struggling.

'To know that you have helped someone through a situation and that they've come out the other side better for it, it's what makes me want to get out of bed every day.'

Scott says he's learned a lot from his experiences.

'Before I joined MFB I didn't realise the breadth of opportunities that were available,' he said.

'Now I know the mechanics of MFB and it blows me away.'

Although he's a firefighter through and through, Scott says helping people closer to home is what drives him.

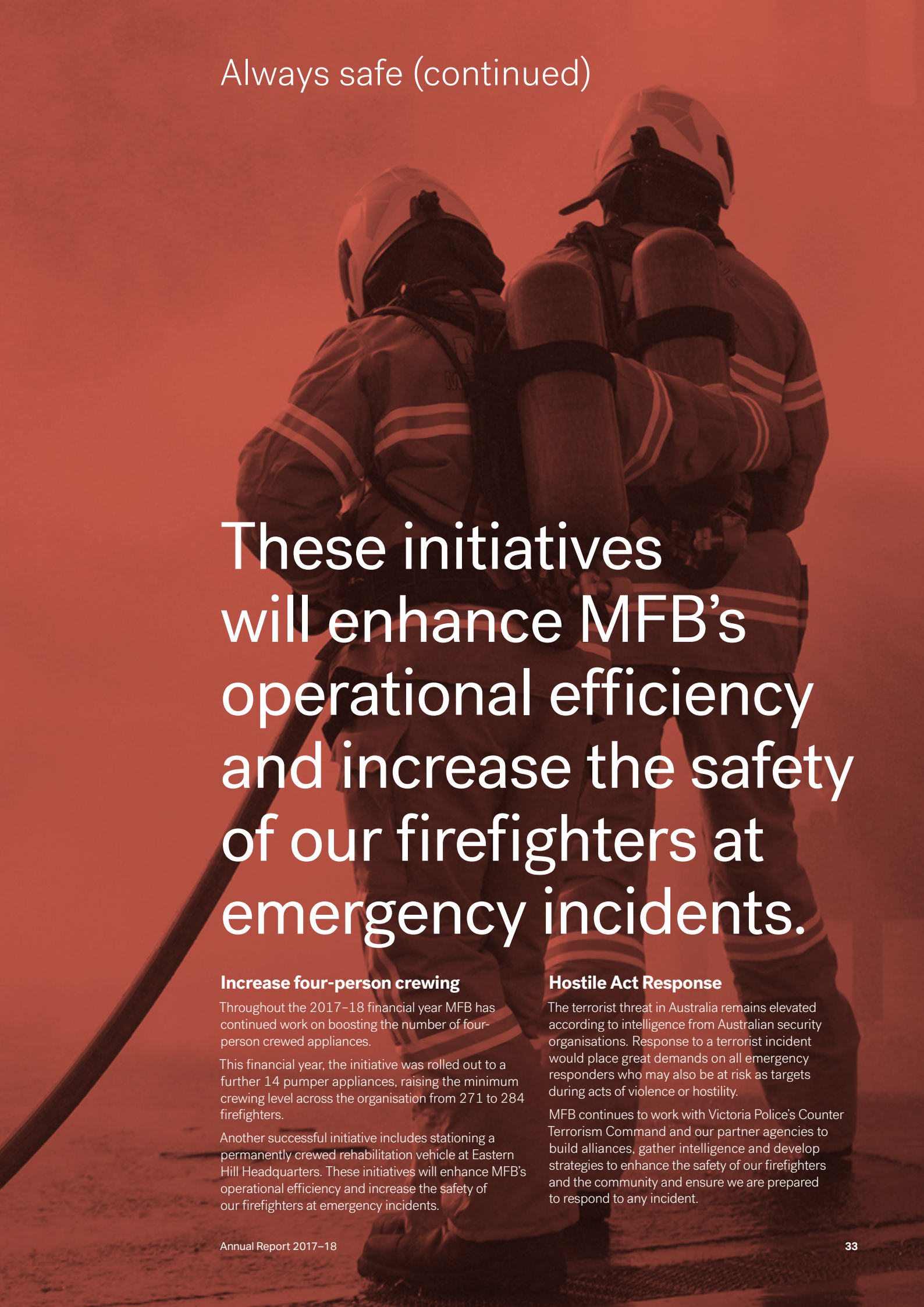
'The relationships inspire me,' he said.

'I love meeting people, I love talking to people and I love helping people.

'And being able to help your friends and colleagues? It doesn't get any better than that.'



Station Officer **Scott D'Arcy**



These initiatives will enhance MFB's operational efficiency and increase the safety of our firefighters at emergency incidents.

Increase four-person crewing

Throughout the 2017-18 financial year MFB has continued work on boosting the number of four-person crewed appliances.

This financial year, the initiative was rolled out to a further 14 pumper appliances, raising the minimum crewing level across the organisation from 271 to 284 firefighters.

Another successful initiative includes stationing a permanently crewed rehabilitation vehicle at Eastern Hill Headquarters. These initiatives will enhance MFB's operational efficiency and increase the safety of our firefighters at emergency incidents.

Hostile Act Response

The terrorist threat in Australia remains elevated according to intelligence from Australian security organisations. Response to a terrorist incident would place great demands on all emergency responders who may also be at risk as targets during acts of violence or hostility.

MFB continues to work with Victoria Police's Counter Terrorism Command and our partner agencies to build alliances, gather intelligence and develop strategies to enhance the safety of our firefighters and the community and ensure we are prepared to respond to any incident.

Improving community safety and resilience

Community safety and resilience is at the core of what we do as an organisation.

Capability framework

MFB is experiencing an increasing demand for our services across the state and beyond. This change in demand is driven by major community, sector, environmental and economic trends. In response to these trends, MFB is continuing work to develop an operational capability framework in line with the direction set by the State Government.

The framework will map the capabilities across the organisation to ensure that current and future needs are met and will be used to assess the supporting elements of our capabilities such as governance, systems, process, resources and people. It will ensure MFB continually assesses capability against current needs and provides the supporting mechanisms to ensure effective service delivery.

Community Resilience Strategy

MFB's Community Resilience Strategy has continued to deliver community outreach and engagement programs and progress policy and advocacy work.

The three teams (Community Education, At Risk Groups and Community Development) have been working to increase awareness of preventable residential fires and collaborating with partner agencies to conduct research and produce basic home fire safety training materials.

Key achievements include:

Community education

- Development of a video to promote community awareness of the 10-year life expectancy of smoke alarms. The video was created using a 360-degree photograph of an actual fire scene and urges viewers to 'change your clock, change your smoke alarm'.
- Development of a High Rise Fire Safety campaign to support the work of the Victorian Cladding Taskforce. The campaign included development of two animated videos with fire safety messaging designed to raise awareness of the risks of fire in vertical living.
- Research and analysis of MFB's Fire Education (Fire Ed) Program by students from Massachusetts's Worcester Polytechnic Institute. In 2017, the students reported on their analysis and findings, providing MFB with a sound evidence base to develop a contemporary, innovative Fire Ed Program that responds to evolving community needs.
- **Fit2 Drive:** 67 presentations were delivered to 8,463 students.

- **Flames Program:** Delivered to 1,645 students.
- **Juvenile Fire Awareness Intervention Program** (MFB and CFA): The program was delivered to 65 participants with 212 sessions.
- **Seniors Fire Safety Program:** 115 presentations delivered to an audience of 3,294 people. Interpreter services were required for 23 presentations.

At-risk groups

- Prepared a submission on behalf of national fire services and the Australian Fire and Emergency Service Authorities Council (AFAC) to the Occupational Therapy Board of Australia for the Proposed Registration Requirements for Occupational Therapists, advocating for the inclusion of home fire safety information into continuous professional development requirements for occupational therapists across Australia.
- Developed and delivered a fire safety video in partnership with the Department of Health and Human Services (DHHS) for public housing high rise tenants. The focus of the video is fire safety equipment in the towers, what to do in the event of a fire and what actions tenants should take in an emergency. The video will play in the foyers of all 44 DHHS towers across Melbourne.
- Delivered 12 fire safety inspections at the homes of Transport Accident Commission (TAC) and WorkCover clients who have been catastrophically injured to increase their safety and resilience through the provision of risk mitigation information and advice.
- Worked in partnership with the Swinburne University Faculty of Psychology to provide fire safety information to participants of a hoarding treatment program and family/carer support group.
- Developed and delivered the first MFB/CFA bi-annual Community Care Sector E-newsletter targeting senior aged and disability workers state-wide with information to improve their fire safety knowledge and practice when working with high fire-risk groups.
- Launched a coronial advocacy page on MFB's intranet outlining organisational response to preventable residential fire fatalities on a case-by-case basis. The page includes information on the incident, issues identified by MFB, a link to the Coroners' findings and recommendations, the actions taken by MFB and relevant research.

- Improvements to the Hoarding Notification System, including additional alerts to increase the preparedness and safety of firefighters when responding to affected properties. This includes information on residential properties where there is medical oxygen in use and those where occupants are unable to self-evacuate due to a disability.
- 262 Residential Risk Referrals received from firefighters and external agencies.
- 148 referrals from external agencies via MFB's Hoarding Notification System. All referrals to the Hoarding Notification System are as a result of follow up by MFB.

Community development

The Victorian Built Environment Risk Assessment Process (V-BERAP) and Victorian Emergency Risk Management System (VERMS) are linked initiatives led and developed by MFB to support communities and local government to better identify, understand and implement treatments for local risk.

V-BERAP is a risk assessment guideline which utilises the National Emergency Risk Assessment Guideline (NERAG) 2014, is underpinned by ISO 31000 and supported by the State Fire Management Planning Committee (SFMPC). Using data, intelligence and local knowledge, regional stakeholders work together during MFB facilitated workshops to undertake a local risk assessment analysis. This information is then entered into VERMS.

VERMS is an online platform that provides risk assessments, which are consistent, comparable, and evidence-based to provide support for an increased understanding of community risk profiles by emergency management stakeholders and deliver improved safety outcomes.

Highlights over the past year include:

- conducted 25 information sessions and engagement activities
- conducted engagement activities with state and regional planning committees
- completed the LGA roll-out priority plan with emergency management stakeholders
- commenced a VERMS Phase 2 enhancement project to improve data quality and usability and incorporate additional layers of risk
- developed materials to support staff to deliver workshops.

VERMS represents a significant investment in collaborative fire management planning with our partners in the community.

Built environment advocacy

MFB has been actively advocating for changes to built environment legislation and policy since the Lacrosse fire in Docklands in November 2014. In the wake of the increased focus on these issues following the Grenfell Tower Fire in London, MFB's structural fire safety experts have continued to be at the forefront of advocacy surrounding building reform, including the dangers of combustible cladding.

The Grenfell Tower fire in June 2017 initiated a significant State Government response, including the formation of the Victorian Cladding Task Force (VCT) in July 2017, an expert taskforce assigned to investigate the extent of non-compliant cladding on Victorian buildings. MFB is represented on the Taskforce, along with our partner agencies – WorkSafe Victoria, the Victorian Building Authority, the Municipal Association of Victoria and Emergency Management Victoria.

The Taskforce is overseeing an audit process to identify where cladding has been used inappropriately and ensure issues with buildings are rectified. It is also formulating recommendations to government on how to improve compliance and enforcement of building regulations to better protect building occupants and firefighters.

MFB provided a significant contribution to the Regulatory Impact Statement for the Building Regulations 2018, and our submission had a key focus on outcomes aimed at addressing problems associated with non-compliant building products such as cladding and the role of MFB's Chief Officer in the built environment.

MFB also made submissions both to the Victorian Cladding Taskforce and the Building Minister's Forum, drawing on experience from the Lacrosse fire and other incidents that have exposed shortcomings in the current regulatory framework.

After the Lacrosse building fire, Victoria embarked on Australia's first-ever audit to identify buildings fitted with cladding, and more than 200 Victorian buildings have now been assessed. Although all have so far been declared safe to occupy, many do not currently comply with regulations. Teams from MFB's Fire Safety Department continue to be actively engaged in expert review panels which are assessing compliance and conducting risk assessments of identified buildings across the state.

MFB supports all appropriate measures through the relevant authorities to allow the identification of structures where the risk is elevated. MFB will continue to advocate for changes to legislation and enforcement practices to improve the safety of firefighters and the community.



Senior Station Officer **Trudy Walker**

Faces of MFB

The joy of helping others

Trudy Walker is always up for a challenge.

One of MFB's most senior ranked female firefighters, Trudy joined the brigade later in life and has never looked back.

Now a Senior Station Officer, Trudy had just turned 40 when she heard an MFB recruitment ad on the radio and her ears pricked up.

It was a life-changing moment.

'It sounded really exciting,' Trudy remembers.

'I liked the idea of being physically active and helping others, and immediately thought this could be me.'

She applied to become a recruit firefighter and through hard work and determination was able to get in on her first attempt.

She began her firefighting career in Melbourne's southern suburbs, spending time at Oakleigh, Highett and South Melbourne fire stations.

But she always knew there was something more on the horizon.

'I've been in leadership roles all my life,' she said.

'I've always gravitated towards those roles, whether it be in my past career as a police officer, on the sports field or as a volunteer.

'I love working with people and helping develop others. It's something that brings me joy in life.'

It was this passion for people which motivated the mother-of-three to pursue every opportunity for development that came her way.

'I always kept myself busy on station. I did further study and have my personal career plan to keep me on track'

'Rising through the ranks was a very exciting time for me. I felt really comfortable doing that because I knew I had the skills and I had some good people supporting me.'

Now the Senior Station Officer has set her sights on a new challenge.

In July she commenced training to become one of MFB's first two female Commanders.

The course participants are due to graduate this month.

'It's been an extraordinary journey,' Trudy said.

'There are so many opportunities at MFB.

'I've always had a strong work ethic, a good career plan and have seized opportunities when they come my way.

'By doing that, I've been fortunate enough to achieve my goals.'

'I love working with people and helping develop others.'

Improving community safety and resilience (continued)

Compliance and advice services

Department	Service	Statistics
Dangerous Goods		
	Dangerous Goods Reports	212
	Dangerous Goods Letters	27
BCA and Audits		
	Letters of Advice	735
	309 Applications	809
	1,003 Variations	510
	Modifications	62
Community Safety Technical Department		
	Fire Engineering Briefs	591
	Fire Engineering Reports	449
Fire Investigation and Analysis		
	Accidental Fires attended	55
	Suspicious Fires attended	27
	Electrical Fires attended	68
	Undetermined Fires attended	17
	Fatal (non-preventable)	5
	Fatal (preventable)	2
	Injuries	37
	Actual loss	\$39,816,300
	Potential loss	\$2,248,038,000
Building Inspections and Compliance		
	Class 1B – A single dwelling being a detached house or one or more attached dwellings	7
	Class 2 – A building containing two or more sole occupancy units each being a separate dwelling	127
	Class 3 – A residential building, other than a class 1 or 2, which is common place of long-term or transient living for a number of unrelated persons	47
	Class 5 – An office building used for professional or commercial purposes, excluding buildings of Class 6, 7, 8 or 9	56
	Class 6 – A shop or other building for the sale of goods by retail or the supply of services direct to the public	55

Improving community safety and resilience (continued)

Compliance and advice services (continued)

Department	Service	Statistics
Building Inspections and Compliance		
	Class 7 – A building which is a car park or is for storage or display of goods or produce for sale by wholesale	32
	Class 8 – A laboratory or a building in which a handicraft or process for the production, assembling, altering, repairing, packing, finishing, or cleaning of goods of produce is carried on for trade, sale or gain	25
	Class 9A – A health care building	8
	Class 9B – An assembly building in a primary or secondary school, but excluding any other parts of the building that are of another class	33
	Class 9C – An aged care building	15
	ESM	41
	Compliance Inspections	2
	Building Infringement Notices (BINS)	1
	1st Inspections	690
	2nd Inspections	253
	Total inspections	943
Alarm Assessment		
	Total False Alarms	17,477
	Total False Alarms Exchange Calls	5,453
	Total False Alarms Auto Alarms	11,631



Valuing our people

We are proud of our people and we will continue to invest in developing their skills and capabilities.

Influential leadership

MFB is working closely with our emergency services sector partners to identify a leadership development approach that is consistent across the fire services sector. This has included playing a key role in the identification of incident management leadership skills and its link to organisational leadership. Future proofing for leadership and interoperability has been identified as being critical to continued delivery of exceptional services. This year, the organisation has identified the need to invest in setting consistent leadership structures for the Senior Leadership team, with a focus on Executive Leadership team members gaining Australian Institute of Company Director qualifications.

Professional development

MFB is committed to the professional development of its employees and building capabilities for the future. MFB continues to support employee participation at internal and external development opportunities for professional growth. This year a renewed approach to educating and empowering our managers to better engage with employees in role and career conversations has been a focus with more work to be done in 2018–19. Our people have developed their skills through in-house courses including Mental Health First Aid and Retirement Readiness. In addition, MFB has supported its people to undertake the Executive Leadership, Executive Development and Developing Future Leaders programs provided by the Australian Institute of Police Management (sponsored by AFAC).



Faces of MFB

Pride and motivation in their new roles

On a winter's day in June, 20 Leading Firefighters took the next step on their career journeys when they graduated as MFB Station Officers.

It was the culmination of four months' arduous training to develop their skills in leadership, management, communication and team building.

During the professionally designed course, participants completed 16 units of learning including leading, managing and developing teams, obtaining incident intelligence and liaising with the media.

'It was an amazing honour to be part of the course,' said Station Officer Nathaniel O'Brien.

'As a group we have grown immeasurably and I'm confident we have the skills now to be successful in our new roles.'

Station Officer George Dammous said he was grateful for the opportunity.

'I love to help people and in this role I feel I can do that more effectively,' he said.

'The organisation spared no expense in getting us the best trainers and training and it was greatly appreciated by all the course participants.'

MFB has more than 350 Station Officers who form a critical part of the organisation's front-line management team and play an important role in nurturing and supporting others.

Assistant Course Coordinator Jack Overman said MFB was advancing the professional development of these new leaders.

'By providing and valuing the Station Officer's course, MFB has invested heavily in the future of these 20 promising individuals,' he said.

MFB Chief Officer/Chief Executive Officer Dan Stephens said he was committed to ensuring all staff received the best possible support and development opportunities.

'My vision is for MFB to continue to be a progressive organisation that focuses on continuous improvement, including in our own skills and knowledge,' he said.

'Although the course was tough physically and mentally, there was a lot of fun and camaraderie along the way. I feel a great sense of pride and motivation to be an MFB Station Officer.'

– Station Officer **Nathaniel O'Brien**

Valuing our people (continued)

Contemporary workplace conditions

MFB and the United Firefighters Union (UFU) reached agreement on a new enterprise agreement for its operational employees. MFB operational employees voted in support of the agreement, and MFB has submitted the proposed agreement to the Fair Work Commission for approval. MFB will soon commence negotiations for a new enterprise agreement with its Mechanical Engineering Workshop employees. The current agreement is due to expire on 30 June 2019. The Corporate and Technical Employees Agreement was certified by the Fair Work Commission on 3 November 2017, and negotiations for a new agreement are due to commence in March 2021.

Sustainable workforce

MFB continues to invest in recruitment, promotional and specialist training programs to meet our current and future operational requirements. During the past financial year, we have delivered the first six of the Victorian Recruit Firefighter courses, trained more than 90 per cent of our workforce in phase 1 of our new structural firefighting training program, and began work on the development of a skills maintenance program for structural firefighting. A key future focus will be on the continued delivery of a comprehensive approach to skills maintenance training so we will always have the right capabilities to meet our community's expectations of a contemporary fire and rescue service.

To enhance capability and firefighter safety across our operational workforce, this year we have developed and delivered training programs that strengthen incident management capability and support the roll-out of new equipment, such as the forcible entry tool, ensuring MFB has the right capabilities to respond to increasingly diverse and complex fires and emergencies.

Culture and diversity

MFB is making significant progress on enhancing culture and diversity to create a more respectful and inclusive workplace for our employees and better reflect the community we serve.

We understand that sustainable improvement requires a solid foundation to support current and future growth and have established a Culture and Transformation team to lead our efforts in partnership with key stakeholders.

We believe that partnering is the lynchpin to generating change, so we co-developed a tripartite agreement with the CFA and UFU to work together to improve workplace culture. This agreement provides governance to guide efforts as we move further forward and complements our existing joint working groups focusing on recruitment, recruit training, and health and wellbeing.

We are working to increase social diversity among firefighters with improvements to attraction and recruitment practices, and the delivery of the highly successful Victorian Career Firefighter campaign in February 2018. The campaign, which aimed to improve diversity within the organisation, resulted in the attraction of 13.5 per cent female applicants.

MFB leaders are demonstrating inclusive leadership through increased workplace engagement and internal and external advocacy of the benefits of cultural reform for fire service capability. They are rolling out Conversations in the Mess, a program that connects senior leaders with employees at fire stations and worksites to build trusted relationships, promote greater understanding and awareness and promote positive change.

We are also empowering our employees to understand their rights and responsibilities and promote positive behaviours to build a more respectful and safe workplace. This is being achieved through the delivery of Workplace Behaviour training in partnership with the Victorian Equal Opportunity and Human Rights Commission, with a completion rate of 85 per cent across the workforce.

As a trusted institution, MFB recognises that we are uniquely positioned to influence people in the general community on issues of national and global significance. We take this responsibility seriously and where appropriate contribute to wider reform efforts. We actively contribute to Emergency Management Victoria's Diversity and Inclusion committees and working groups, and the Australasian Fire and Emergency Service Authorities Council Fire and Emergency Services Male Champions of Change Program. We also coordinate and deliver social impact conferences and events in the general community, providing role modelling and expert knowledge on fairness and inclusion.

Valuing our people (continued)

Workforce data

MFB staff gender and age breakdown

	2017-18			2016-17		
	Total	Ongoing	Temporary	Total	Ongoing	Temporary
Gender						
Total	2,342	2,302	40	2,297	2,267	30
Female	248	227	21	234	217	17
Male	2,094	2,075	19	2,063	2,050	13
Age						
Total	2,342	2,302	40	2,297	2,267	30
Under 25	5	4	1	11	9	2
25-34	397	385	12	383	373	10
35-44	574	563	11	562	551	11
45-54	609	600	9	638	634	4
55-64	703	696	7	658	656	2
Over 64	54	54	0	45	44	1

MFB staff breakdown

		Operations	Corporate
Headcount	2018	1,982	360
	2017	1,954	343
FTE	2018	1,980.37	344.16
	2017	1,952.55	321.39

Operational and corporate staff by gender percentage

	Operations female	Operations male	Corporate female	Corporate male
2018	3.6	96.4	48.9	51.1
2017	3.5	96.5	48.1	51.9
2016	3.6	96.4	46.4	53.6
2015	3.5	96.5	45.7	54.3
2014	3.3	96.7	43.8	56.2
2013	3.4	96.6	43.7	56.3
2012	3.7	96.3	44.0	56.0
2011	3.6	96.4	43.8	56.2

Executive Officer data

An Executive Officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO is defined as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The following table discloses the number of Executive Officers at MFB as of 30 June 2018. The variance relates to the previous financial year.

Class	All		Men		Women		Self-described	
	Number	Variance	Number	Variance	Number	Variance	Number	Variance
EO1	1	0	1	0	0	0	0	0
EO2	3	-2	2	-2	1	0	0	0
EO3	10	1	7	0	3	1	0	0
ACFO	14	-2	14	-2	0	0	0	0
	28		24		4		0	

Executive Officer remuneration

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

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

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis.

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

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

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

Several factors affected total remuneration payable to Executive Officers over the year. A number of employment contracts were completed and renegotiated and a number of Executive Officers retired, resigned or were retrenched in the past year. This had a significant impact on remuneration figures for the termination benefits category.

	2017-18	2016-17
Executive Officer remuneration		
Short-term benefits	\$5,990,225	\$6,547,832
Post-employment benefits	\$552,841	\$600,195
Other long-term benefits	\$94,895	\$160,504
Termination benefits	\$784,250	\$1,410,267
Total remuneration	\$7,422,211	\$8,718,798
Total number of Executive Officers	34	41
Total annualised employee equivalent (AEE)	27.28	32.48

Valuing our people (continued)

Unplanned absences

MFB staff gender and age breakdown

MFB takes the care of our people seriously. Our employees' wellbeing is paramount to delivering our fire and rescue services to the public.

We have worked over the past 12 months to understand the underlying reasons for unplanned leave and leaders continue to have supportive conversations with people taking unplanned leave, ensuring that the focus of support is individual wellness.

MFB's new suite of reporting has helped our people and leaders better understand their leave entitlements and absences; this has enabled better quality conversations between leaders and their staff.

MFB unplanned absences

Year	Sick leave %	Family leave %	Sick and family leave %	Hours per FTE	Target hours per FTE	WorkCover %	Total unplanned absences %
2017-18	3.99	2.09	6.08	129	<120	2.46	8.54
2016-17	4.03	1.97	6.00	126	<120	2.25	8.25
2015-16	3.98	1.97	5.95	127	<120	2.19	8.14
2014-15	4.36	1.92	6.28	132	<120	2.20	8.48

MFB dollar cost of overtime

Actual (\$)	Total overtime	Recall overtime	Maintain strength overtime	Fire call	Muster and dismissed	Standby and dismissed	Excess travel	Other
2017-18	20,455,791	8,285,448	5,822,752	1,701,785	370,315	456,086	1,599,673	2,219,732
2016-17	19,897,782	6,684,865	5,557,296	1,219,345	241,695	486,522	1,797,946	3,910,114
2015-16	19,295,588	7,900,325	5,287,626	1,203,847	397,152	420,306	1,616,877	2,469,455
2014-15	16,112,579	7,137,759	4,527,131	874,451	509,799	357,795	1,300,891	1,404,753

Ethical and respectful culture

MFB is strengthening its position as a world-class fire and rescue service through building a fair, safe and respectful workplace culture for all employees.

MFB also maintains high ethical standards through its rigorous approach to business practices including the procurement of goods and services that align with State Government policies and ministerial directions and decision making regarding safety and community standards.

MFB applies merit and equity principles when appointing staff. Selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

In accordance with government requirements, employees have been correctly classified in workforce data collections.

Promotions and appointments

Promotions:

Station Officer – 44
Leading Firefighter – 93

Appointments:

Corporate – 29
Director – 4
Chief Officer/Chief Executive Officer – 1
Recruit Firefighter – 77

Honours and Awards

Government House Honours

- Commander Darren Conlin – Australian Fire Service Medal
- Leading Firefighter Glenn Marks – Australian Fire Service Medal

Chief Officer's Commendations

- Trench Rescue Incident, November 2017
 - Station Officer Kevin Beardmore
 - Station Officer Karl Smith
 - Qualified Firefighter Damian Christy
 - Qualified Firefighter Brian Herbert
 - Firefighter Damien Nihill

Chief Executive Officer's Safety Award

- Assistant Chief Fire Officer Adam Dalrymple, Commanders Mark Carter, Julian Yaxley, and Tass Georgas for their important work in advocating for regulatory reform for flammable cladding

Chief Executive Officer's Special Recognition Award

- Leading Firefighter Jamie Baker, for his dedication and commitment to the Let Me Know Committee and his work on improving the mental health and wellbeing of firefighters

Chief Officer's Scholarship

- Station Officer Sarah Lostia for the project 'Firefighters Maternity Package for the 21st Century'.





Marthese Kavanagh

Faces of MFB

Fire Ed. sparks Marthese's interest in improving community safety

Marthese Kavanagh was working as a teacher at a special developmental school when she first initiated contact with MFB's Community Resilience programs.

'The A platoon crew from Spotswood Fire Station (FS45) came to our school to deliver the Fire Ed. Program and the firefighters were absolutely wonderful with my students,' Marthese said.

'Their visit was a huge hit with the kids, and we used the resources across the entire school curriculum. We had students singing fire safety songs in music, writing stories and reading books about fire safety, as well as creating art about the topic.

'The interaction with those firefighters left a wonderful impression on my students as you could see the growth in their confidence. The partnership between our local crew and my school was very strong and the dedication of the firefighters to our students also left a strong impression on other teachers, students' families, and myself.'

When an opportunity to apply for a secondment came up in 2001, Marthese jumped at the chance to work for MFB and help enhance the Fire Ed. program.

'I started in a secondment assisting the Public Education Coordinator and expected to stay for a year before I went back to teaching. That was almost 17 years ago!

'I'm so fortunate to remain involved with school education while doing a job I genuinely love. Our firefighters and corporate staff do incredible work, and I love that what we do makes a difference to the community.

'I'm able to work alongside and learn from so many professional and dedicated people from across the organisation and other agencies, with each person bringing their own set of specialist skills to the table.

'MFB's work helps people to help themselves and others, supporting them to take action and develop resilience in the face of adversity,' Marthese said.

As the Education Coordinator, Marthese manages the school education programs and provides support to firefighters, teachers, and students. She coordinates the program for a diverse range of primary and special schools as well as home school groups.

Marthese also manages MFB's Seniors Fire Safety Program where she says she loves working closely with firefighters who continue to educate the community well into their retirement.

'The interaction with those firefighters left a wonderful impression on my students.'

Sector learning and development

The Victorian Emergency Management Training Centre (VEMTC) Craigieburn is a state-of-the-art, purpose-built emergency services training centre, combining academic and practical learning facilities offering practical learning environments to simulate emergency scenarios. VEMTC Craigieburn delivers key skills capability in a range of urban response environments including recruitment, promotional and specialist training programs across MFB's operational workforce. It is also the state's primary centre for recruit firefighter training and hosts the Victorian Recruit Firefighter Course, a state-wide career firefighter program.

MFB takes a collaborative approach with our sector partners to align recruitment, continuation, promotional and specialist skills training for all career firefighters

to support shared capability across the sector.

VEMTC Craigieburn's unique practical learning environment is utilised by a range of emergency services for training and multi-agency exercises. This year we hosted a number of training sessions including a marine exercise involving MFB, Fire and Rescue NSW, the Australian Maritime Safety Authority and the Australian Maritime College, as well as a multi-agency Urban Search and Rescue exercise. We also hosted training programs for the military, police, ambulance and other emergency services organisations across the state.

Training

VEMTC Craigieburn - training delivered 2017-18 (June 2017-June 18)

	Course delivered	Total participants	Total training days	Hours per day	Total student contact hours
Organisational					
Victorian Recruit Firefighter Course	6	183	471	10	171,410
Continuation/retention	6	136	38	10	12,040
Leading Firefighter	26	104	104	10	4,160
Station Officer	2	44	130	10	20,520
Station Officer pre-entry	1	43	20	8	160
Cert IV Training and Assessment	2	23	18	10	2,070
Operational					
Structural Firefighting	110	372	220	10	7,440
Structural Firefighting Instructor course	2	61	9	10	2,745
Driver training	32	216	256	10	17,280
MFB Driving Instructor course	1	2	80	10	1,600
Trailer training	10	58	10	4	232
Electronic Stability program driver training	8	54	8	4	216
Swift Water Rescue reaccreditation	1	11	2	10	220
Swift Water Rescue	1	9	5	10	450
Return to Work Program	4	4	4	10	40
Heavy Rescue	2	16	24	10	1,920
Teleboom	8	32	32	10	1,280
Ladder Platform	2	8	16	10	640
Ladder Platform conversion	6	16	12	10	320
MKV Pumper 60 series Conversion	47	132	47	6	792
Control Unit	4	16	32	10	1,280

Sector learning and development (continued)

VEMTC Craigieburn – training delivered 2017-18 (June 2017-June 18)	Course delivered	Total participants	Total training days	Hours per day	Total student contact hours
External training					
Forensic Imaging workshop	1	20	1	10	200
CFA Structural firefighting	1	8	2	10	160
CFA Driver training	2	12	16	10	960
CFA Driving Instructor induction	2	14	2	10	140
CFA Heavy Rescue course	1	16	3	10	480
CFA Safe Work at Heights course	4	55	8	10	1,100
CFA MFB Secondment Program	1	8	15	10	1,200
VRFC Physical Aptitude test	19	1,064	19	2	2,128
Multi-agency USAR skills maintenance	1	15	4	10	600
Ambulance Victoria 2017	2	18	1	8	72
Ambulance Victoria 2018	3	45	3	8	360
Special Operations Group Victoria Police 2017	1	20	3	8	480
2017					
Special Operations Group Victoria Police 2018	1	25	1	8	200
Air Ambulance assessment	1	15	1	8	120
Australian Defence Force	1	50	1	10	500
National Firefighter Exchange Program	1	1	16	10	160
Australasian Fire and Emergency Service Authorities Council workshop	1	15	1	8	120
Royal Melbourne Institute of Technology site tour	1	13	1	5	65
Korean Fire Service site tour	2	20	1	8	160
Singapore Defence Force site tour	1	6	1	4	24
Ambulance Victoria site tour	1	1	1	2	2
Victoria Police site tour	2	2	1	2	4
Total hours	327	2,974	1,637	355	256,020

Delivering exceptional service

We will strive to continually improve the services we deliver to the community

Continuous Improvement Framework

MFB continues to develop its Continuous Improvement Framework. Efforts in the past year have seen MFB's Fire Equipment Services upgrade their Quality Management Certification from the 2008 standard to the new SIO 9001:2015 standard. MFB also continues to make improvements to the Occupational Health and Safety Management System which supports our continued certification to AS/NZS: 4801.

Strategic and operational information and communications technology services

Over the past 12 months MFB has continued to deliver business as usual information technology services across the organisation and has made significant progress towards completing planned application and infrastructure continuous improvement works. Work is continuing on MFB's new intranet.

More recently we completed a program of work to review MFB's IT strategy and its ongoing alignment with organisational needs. The outcome of this review proposed several initiatives that have been incorporated into the 2018-19 business plan including:

- a new IT strategy and architecture roadmap
- enhancements to IT governance and service management processes
- the introduction of an IT steering committee, service catalogue and support portal.

Whole-of-life asset management

MFB's Asset Management Strategy maintains a sustainable asset management approach.

During 2017-18, MFB improved accountability and asset management practices aligned with ISO 55000 standards through the integration of asset management in other MFB business frameworks including project, risk and financial management.

MFB's asset management practices balance risk, performance and costs in accordance with the following guiding principles:

- Safety: Ensure MFB assets are 'safe to operate' supporting MFB's service delivery strategy and operational capability.
- Legislation: Meet Asset Management Accountability Framework legislative compliance and attestation reporting.
- Leadership: Ensure asset management accountabilities and responsibilities are clear, demonstrated and maintained.
- Strategy: Implement an Asset Management Strategy Improvement Plan and resource appropriate funding needed for sustainment of assets.
- Capability: Enable suitable resources and operational capabilities which are identified and allocated for staff with asset management responsibilities.
- Governance: Demonstrate sustainable asset management practices to enable evidence-based decisions and integration with other business frameworks.

Fleet upgrades

New firefighting appliances continue to be commissioned as part of MFB's ongoing appliance replacement program. During 2017-18, an additional six pumper tankers, four pumpers and a ladder platform joined MFB's fleet of appliances. Projects underway include the commissioning of six pumper tankers, one ultra large pumper, one ladder platform, two breathing apparatus support vehicles and six heavy rescue units.

Modifications as part of the appliance health and safety project are underway, with design and installation work continuing on telebooms and ladder platforms.

Although PFAS decontamination works on appliances is continuing, the overall percentage of appliances available to frontline firefighters has increased from 80.8 per cent to 83 per cent throughout the year.

Delivering exceptional service (continued)

Fire station refits and rebuilds

MFB has two fire stations in design phase, including the new Fire Station 49 at Derrimut (currently North Laverton) and the new Fire Station 20 at Box Hill. These will continue to construction stage through 2018–19 with Derrimut set to become Australasia's first 5 Star sustainable fire station on the Green Star rating system.

The new FS40 Laverton Fire Station was completed with the official opening held in early 2018. The new transition areas and internal works for fire stations at FS03 Carlton, FS23 Burwood, and FS35 Windsor were completed in mid-2018.

Land was acquired in Brooklyn for the replacement of Fire Station FS45 Spotswood. A tender has been awarded and the project is currently in concept design stage. The existing facilities on the site are being refurbished to accommodate warehousing and office space for MFB's Western District Office.

During 2017–18, MFB's Eastern Hill Headquarters underwent further internal refurbishment, improving the floor plan and integration of departments.

In May 2016, MFB filed a writ in the Supreme Court against the architect and builder of the Glen Iris Fire Station to cover rectification and associated costs. The matter is currently before Court and as of 30 June, the new Glen Iris Fire Station was on track for completion in the first quarter of the new financial year.

A new interim turnout facility for MFB's Marine Response Unit was completed in June 2018, providing a more efficient marine response.

The Victorian Emergency Management Training Centre at Craigieburn received updated fire training props and internal fire station improvements were undertaken at FS13 Northcote, FS07 Thomastown and FS41 St Albans.

New breathing apparatus project

In a landmark deal more than two years in the making, all Victorian firefighters are set to receive upgraded breathing apparatus (BA). The new BA sets will align with equipment used across the Victorian Emergency Services sector, and will significantly improve the safety, efficiency and interoperability of firefighters on the front line. The roll-out of the interchangeable BA sets across and the sector will ensure all agencies are better positioned to coordinate joint response to incidents. This equipment will deliver on the government's aim to introduce common equipment technologies and enhances an 'all hazards, all agencies' interoperable approach.

BA spectacles project

Firefighters who rely on corrective glasses will now be safer and have increased vision in compromised environments when wearing breathing apparatus (BA), following the development of purpose-made frames for BA masks, which were introduced in November 2017.

MFB's Equipment and Resources Management Department worked closely with optometrists, who provided the technical knowledge to ensure the success of this project and the best outcome for firefighters.

Firefighters who require corrective lenses can access one funded pair of BA mask prescription glasses and a spare set of lenses every three years.

Faces of MFB

A desire to make a difference

A desire to make a difference in people's lives is what drives Sarah Lostia and Emily Jay.

An operational firefighter and a Human Resources Manager, the two women are united by a shared passion to help others and make MFB the best it can be.

In 2017, the duo embarked on an ambitious project to improve MFB's support for pregnant firefighters before, during and after parental leave.

The project was initiated by Station Officer Sarah who had a clear vision to contemporise MFB's processes and policies and establish best practice for pregnant firefighters.

'I'd recently had a baby and I could see that there were opportunities for improvement in the way MFB did things,' Sarah said.

'I decided to do something about it and last year, I applied for a Chief Officer's Scholarship to conduct further investigation and research into the issue.'

The bid was successful and MFB provided the funding for Sarah to undertake the project.

Teaming up with Emily was a no brainer.

'Emily had been independently working on an update on the current maternity policy and it made sense to combine our efforts,' Sarah said.

Earlier this year, the pair travelled overseas on a research mission to investigate best practice internationally and bring their findings back to the organisation.

As part of the project, Emily and Sarah spent three weeks in the UK and Canada this year meeting with senior representatives, learning all about international policies and practices.

'Everyone that we met was extremely open and frank and willing to share information with us,' Emily said.

'We met some fantastic people from the Chief of the London Fire Brigade, to firefighters and union officials.'

'We have learned a lot and are looking forward to bringing our findings back to the organisation.'

Sarah said the pair complemented each other well.

'Working with Emily has been fantastic,' she said.

'Emily knows all about MFB's policies and procedures, whereas I have the first-hand experience of the implications of those on our operational staff.'

The pair say they are grateful for the opportunity.

'I've been encouraged by the support I've received from people in the organisation,' Sarah said.

'I'm passionate about the job and making MFB a better place and I'm glad I put my hand up for this opportunity.'



HR Manager **Emily Jay** and Station Officer **Sarah Lostia**

Working with others

We will work seamlessly with our partners to achieve the best outcomes for the community

State emergency management processes and response

MFB continues to strengthen established sector relationships and develop new partnerships to ensure the ongoing safety of Victorians. Over the past year, MFB has undertaken significant work to increase interoperability across equipment and processes. A key achievement is the Improved Incident Response Project, which aims to streamline and minimise response times.

During the recent fires in the state's south-west, MFB supported our partner agencies by providing incident management staff, impact assessors, scientific advisors and remotely piloted aircraft, significantly contributing to response efforts.

Case study

As bushfires ripped through Victoria's south-west, MFB firefighters were deployed to regional towns to assist emergency responders and affected communities. Two strike teams, each made up of five appliances and 25 MFB firefighters, were sent to Cobden and Gazette, tasked with protecting properties under potential threat of wildfire.

MFB deployed three Initial Impact Assessment teams to regional Victoria to assist fire-affected communities. The team of 10 MFB personnel was deployed to assess damage and assist with recovery efforts in Colac and Warrnambool. MFB personnel worked seamlessly with all involved to provide support and expertise to our partner agencies.

MFB's Remote Piloted Air Systems team also attended to help gather intelligence, including thermal imaging of the rapidly expanding fire to support situational awareness and critical decision making.

MFB HAZMAT technicians and scientific advisors were also deployed during this fire and assisted with smoke and particulate management to protect responders and the affected community.

Emergency Management Victoria Operational Review

The State Review team (SRT) is a multi-agency body that provides guidance and coordination of review, debrief, monitoring, lessons management and performance improvement across the emergency management sector. The SRT's primary objective is to promote continuous improvement in a coordinated and effective manner. MFB is represented on this committee by the Commander of Operations Improvement who has responsibility for managing outputs from MFB debriefs. This year has seen the roll-out of an information technology system, EM-SHARE, allowing emergency services agencies to share insights, observations and lessons on a digital platform. Collaboration between agencies has led to the successful introduction of lessons management workshops with the key theme of learning from each other to improve as a sector.

The Emergency Management Operational Review 2016-17 was produced by Emergency Management Victoria to highlight good practice, changes and improvements that have occurred across the Victorian emergency management sector in the past year. These reviews complement the digital platform and support the continuous improvement of the sector by sharing lessons to achieve the best outcomes for the community.

MFB contributed to this publication through the sharing of reviews of incidents, exercises and case studies, including a review of the Essendon Fields aircraft crash which occurred in February 2017. Assurance activities occur throughout the year and the outcomes of these activities are collated to analyse and identify best practice and opportunities for shared learning and improvement.

State Government policies and impact on training

Delivery of the State Government's commitment to an additional 450 MFB and CFA career firefighters is progressing well with the final additional recruits to commence training in July 2018. We continue to work collaboratively across the sector on initiatives to strengthen interoperability including progressing the development and delivery of joint training programs under a combined curriculum for Victorian career firefighters and supporting sector and multi-agency training programs.

Samoa Fire and Emergency Services Authority partnership

MFB and the Samoa Fire and Emergency Services Authority (SFESA) have worked in partnership for more than 20 years. Under a Deed of Collaboration, MFB has committed to assisting SFESA in building a safer and more resilient community in the Pacific region.

The Samoan Government has developed a National Fire Reduction Strategy that strongly recommends responsible agencies undertake fire investigation and analysis to:

- identify criminal or other illegal activities
- develop community safety strategies
- reduce the impact of preventable fires
- safeguard the environment and standards of living.

Through a partnership with the South Pacific Community, SFESA and MFB were able to secure funding to facilitate the delivery of fire investigation training for Samoa. In February, MFB Assistant Chief

Fire Officer Barry Gray and Senior Station Officer Steve Attard travelled to Samoa to deliver some initial training to scope the work that is needed to develop the country's capability.

In May this year Assistant Commissioner Aufai Tausanaimaomanu joined MFB's Fire Investigation Unit to undertake training in fire investigation. The program will assist Samoa in building and strengthening fire and rescue services, police and judiciary to enhance reporting, detection and investigation of arson and the successful prosecution of arson offenders.



Senior Station Officer Steve Attard, and Assistant Commissioner Aufai Tausanaimaomanu.



‘I saw I could make just as big a difference going into these communities and talking to people than I could turning out in a truck.’

Multicultural Liaison Officer **Colin Campbell**

Faces of MFB

Breaking down the barriers

Colin Campbell considers himself a lucky man.

He gets to witness every day the very real impact firefighters can have on the community.

A Leading Firefighter with 27 years of experience under his belt, Colin is MFB’s Multicultural Liaison Officer (MLO) for Western District, a vibrant area encompassing some of the state’s most diverse communities.

MFB currently has five MLOs (one in each district) who work tirelessly to help the community.

Col, as he is fondly known, has served in the role for more than 18 years and is highly regarded in the community.

An average day in the office could mean anything from teaching newly arrived refugees about fire safety and working smoke alarms to lending a hand at a community event or talking to students about a career in firefighting.

It wasn’t a career path Col anticipated but something he fell into.

‘My family has a strong association with MFB and I grew up on fire stations so I always knew I’d be a firefighter,’ he said.

‘In the year 2000 I was involved in a road collision and on my return to work I was given the opportunity to become an MLO.

‘And I unexpectedly fell in love with the role.’

It was a sliding doors moment for Col.

‘For the first time, I saw I could make just as big a difference going into these communities and talking to people than I could turning out in a truck.’

Breaking down the barriers and building trusted relationships can be a challenge but it’s one Col takes in his stride.

‘In some countries, an emergency services uniform has negative connotations for people,’ he said.

‘I see my role as bridging that gap between firefighters and the community.

‘So when firefighters turn out to an emergency situation, doors are opened and people understand that we’re here to help.

‘One of the most rewarding moments in my career was standing in the mess room watching newly-arrived students who would never have approached a person with a badge on having a great conversation with a firefighter over a meal during our Taste of Harmony event.

‘It’s those moments that make it all worthwhile.’

Corporate governance

Governing legislation

MFB is an independent statutory body established in Victoria pursuant to the *Metropolitan Fire Brigades Act 1958* ('MFB Act'). MFB derives its operational powers from the MFB Act, Metropolitan Fire Brigades (General) Interim Regulations 2017 ('MFB Regulations'), *Country Fire Authority Act 1958*, *Electricity Safety Act 1998*, *Emergency Management Act 1986*, *Emergency Management Act 2013*, *Occupational Health and Safety Act 2004*, *Gas Safety Act 1997*, *Coroners Act 2008*, *Building Act 1993*, Building Regulations 2018, *Residential Tenancies Act 1997*, Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2010, *Planning and Environment Act 1987* and other legislation.

MFB's principal decision-making powers affecting members of the public are enshrined within the MFB Act and MFB Regulations.

MFB's headquarters are located at 456 Albert Street, East Melbourne, Victoria, 3002.

Changes to governing legislation

In accordance with the *Subordinate Legislation Act 1994* and the Victorian Guide to Regulation (November 2016), the MFB Regulations automatically sunset every 10 years and must be remade by government. The MFB Regulations are due to expire on 24 October 2018. Emergency Management Victoria has advised MFB that in light of the State Government's proposed major reforms of Victoria's fire services, the Minister has received a certificate of exemption from the Premier under the *Subordinate Legislation Act 1994*, to re-make the MFB Regulations without a Regulatory Impact Statement for a further period of 12 months. As a Premier's certificate may only be granted for 12 months or less, the current MFB Regulations will expire on 24 October 2019.

Corporate Governance Framework

MFB's Corporate Governance Framework comprises a range of documented policies, procedures and practices, which assist MFB to comply with its internal and legislative obligations. These include:

- the Corporate Governance Charter, which sets out the composition, roles, and accountabilities of the Board, Board committees, and their members
- a policy framework and hierarchy of documents, which provides for the development, approval, implementation, publication and review of organisational policies and procedures
- individual policies addressing governance, financial, and strategic issues (such as risk management, fraud, corruption and other losses, gifts, benefits and hospitality, recruitment, procurement and health, safety and welfare) which the Board approves periodically
- policies addressing operational matters periodically approved by management.

The Corporate Governance Charter, policies and procedural documents are continually reviewed and updated to strengthen MFB's Corporate Governance Framework.

MFB's Board

MFB's Board is responsible for the overall governance of the organisation including:

- setting MFB's strategic directions and priorities
- approving MFB's strategic plan, budget and priorities
- overseeing MFB's service delivery and performance
- establishing appropriate and effective financial and governance objectives
- implementing Victorian Government policy frameworks relating to the requirements of the *Financial Management Act 1994* and the associated directions issued under section 8 of the Financial Management Act.

Composition of the Board

The MFB Act allows for up to seven members to be appointed by the Governor in Council, one of whom is to be appointed President and another Deputy President.

Board members in office for the year were:

- Jasmine Doak (President from 20 February 2018)
- Stuart Alford
- Kylie Hall
- Fiona Chamberlain
- Gennaro Fittipaldi (commenced 28 November 2017)
- Peita Duncan (commenced 10 January 2018)
- Greg Sword (commenced 14 March 2018)
- Andi Diamond (President resigned 18 January 2018)
- David Purchase (term ended 10 July 2017).

The Board met on 22 occasions in 2017–18.

Executives, operational staff and representatives of other organisations are invited to Board meetings as required for discussions on relevant items.

Code of Conduct

The Board adheres to the principles contained in the Directors' Code of Conduct developed by the Victorian Public Sector Commission.

The Board complies with section 21 of the MFB Act to ensure that members of the Board do not place themselves in a position where there is conflict, actual or potential, between their interests and the duty owed to MFB. The Board Secretary maintains a register of members' interests. A schedule of Board members' interests is provided to each Board meeting for Board members' information.

Corporate governance (continued)

All Board members and staff are required to act with integrity in the performance of their duties. MFB's Board and Executive Leadership team are committed to the promotion of the public sector values and employment principles in sections 7 and 8 of the *Public Administration Act 2004*.

Board professional development

All Board members have the opportunity to visit MFB facilities and meet with management and operational staff to enhance their understanding of operational issues and business operations. The Board has a formal induction program for new Board members covering the nature of the business, financial management, key performance indicators, current issues, corporate strategy and expectations of the performance of Board members.

Board performance

An external evaluation of Board performance is conducted at regular intervals. The Board also regularly conducts evaluations of its own performance and that of Board committees. It continues to implement the recommendations of externally facilitated and self-evaluation reviews.

Board committees

The Board's committee structure is set out below.

Audit, Risk and Compliance Committee

This committee assists the Board to fulfil its corporate governance and oversight responsibilities for risk management and internal control systems, accounting policy and practices, internal and external audit functions and financial reporting of MFB.

Attendance by Board members

(expressed as number of meetings attended/meetings eligible to attend)

	Board	Audit, Risk and Compliance Committee	Health and Safety Committee	Executive Remuneration Committee
Number of meetings to 30 June 2018	22	5	5	1
Jasmine Doak	21/22		1/2	1/1
Stuart Alford	19/22	5/5	2/5	1/1
Kylie Hall	21/22		4/5	1/1
Fiona Chamberlain	19/21	5/5		1/1
Gennaro Fittipaldi	13/14		3/3	
Peita Duncan	8/10	2/2		
Greg Sword	4/5			
Andi Diamond	14/14		1/1	1/1
David Purchase	1/1			

The committee does not relieve any Board members of their individual responsibilities for these matters.

Membership for 2017-18

- Stuart Alford (Chair)
- David Purchase (term ended 10 July 2017)
- Fiona Chamberlain
- Peita Duncan (from 10 January 2018)
- Jasmine Doak (*ex officio*)
- Andi Diamond (*ex officio* resigned 18 January 2018)

Health and safety committee

This committee assists the Board to fulfil its responsibilities for health and safety matters arising from the activities of MFB, as they affect employees, contractors and the community.

Membership for 2017-18

- Kylie Hall (Chair)
- Stuart Alford
- Gennaro Fittipaldi (from 28 November 2017)
- Jasmine Doak (*ex officio*)
- Andi Diamond (*ex officio* resigned 18 January 2018)

Executive Remuneration Committee

The whole Board acts as the Executive Remuneration Committee in August each year and at other times as required.

Ad hoc committees

Ad hoc committees may be formed to address specific important issues arising from time to time, especially those which pose a high level of risk.

Internal control

The Board is responsible for oversight of MFB's overall internal control framework. To assist in discharging this responsibility, the Board has overseen an internal control framework that can be described as follows:

- Strategic and Business Plan – MFB's performance in delivering corporate objectives is monitored by the Board throughout the year.
- Financial reporting – there is a comprehensive budgeting cycle with an annual budget approved by the Board and the Minister. Monthly actual results are reported against budget and revised forecasts are prepared regularly.
- Internal audit – through the Board's Audit, Risk and Compliance Committee a comprehensive three-year rolling internal audit program is established and monitored. It includes financial, operational and system processes and controls. MFB has engaged an external service provider as its internal auditor.
- Investment appraisal – MFB has clearly defined guidelines for capital expenditure. These include measurement against corporate objectives, annual budgets, detailed appraisal and review procedures, and levels of delegated authority.

Victorian Industry Participation Policy Act 2003

The Victorian Industry Participation Policy applies when contracts greater than \$3 million in the metropolitan area are entered into. During 2017–18, there were no contracts entered into by MFB that exceeded \$3 million.

Competitive Neutrality Policy

To the extent applicable, MFB's activities are conducted consistently with the National Competition Policy and the policy statement, Competitive Neutrality Policy Victoria. No competitive neutrality complaints were lodged against business activities of MFB.

Freedom of Information Act 1982

The President, Jasmine Doak, is the Principal Officer for the purpose of administering the requirements of the *Freedom of Information Act 1982*. The authorised officer is Ms Jan Smith, Freedom of Information Officer.

Requests to MFB for access to documents under the *Freedom of Information Act 1982* must be made in writing and addressed to:

**Freedom of Information Officer
Metropolitan Fire and Emergency Services Board
456 Albert Street
EAST MELBOURNE VIC 3002**

Each application must clearly identify the documents sought and be accompanied by a \$28.90 application fee (as at 1 July 2018). General enquiries relating to freedom of information can be made by contacting the Freedom of Information Officer on telephone 9662-2311 between 8.30am and 4.30pm, Monday to Friday.

Enquiries in relation to the information required to be published and made available to members of the public in accordance with sections 7, 8 and 11 of the Freedom of Information Act should be directed to the Freedom of Information Officer.

2017–18 FOI statistics

During the year MFB received 490 requests for access to documents under the Freedom of Information Act.

2017–18 FOI statistics

Requests received	490
Part access	482
Denied	0
Access granted	7
Not finalised as at 30 June 2018	1
Applicant did not proceed (including s25A decisions)	1

Appeal avenues:

FOI Commissioner	3
VCAT Hearing	1

Corporate governance (continued)

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* ('the Act') encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

MFB does not tolerate improper conduct by employees or reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices and support the making of disclosures that reveal improper or corrupt conduct.

MFB will take all reasonable steps to protect those who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

In accordance with the requirements of section 58 of the Protected Disclosure Act, MFB established a policy and procedures for making protected disclosures. These are available on MFB's website:

www.mfb.vic.gov.au

MFB is not a public entity that can receive protected disclosures. Accordingly, it is unable to report on the number of protected disclosures made in relation to its operations. If anyone (whether an employee or a member of the public) wishes to make a disclosure about MFB or an employee or officer of MFB, and wishes for that disclosure to be protected, they must make the disclosure to the Independent Broad-based Anti-corruption Commission (IBAC). IBAC's contact details are:

Address: Level 1, North Tower, 459 Collins Street, Melbourne, VIC 3000

Phone: 1300 735 135

Internet: www.ibac.vic.gov.au

Disclosures of detrimental action by MFB or any of its employees may be made by sending an email to: protecteddisclosurecoordinator@mfb.vic.gov.au

Additional information available on request.

Statement of availability of other information

The following information has been retained by MFB and is available on request (subject to the freedom of information requirements, if applicable):

- (a) a statement that declarations of pecuniary interests have been duly completed by relevant officers of the agency
- (b) details of shares held by senior officers as nominee or held beneficially in a subsidiary
- (c) details of publications produced by the agency about the activities of the directorate and where they can be obtained
- (d) details of changes in prices, fees, charges, rates and levies charged by the agency for its services, including services that are administered
- (e) details of any major external reviews carried out in respect of the operation of the agency
- (f) details of any other research and development activities undertaken by the agency that are not otherwise covered either in the report of operations or in a document which contains the financial statement and report of operations
- (g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- (h) details of major promotional, public relations and marketing activities undertaken by the agency to develop community awareness of the services provided by the agency
- (i) details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the report of operations
- (j) a general statement on industrial relations within the agency and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations
- (k) a list of major committees sponsored by the agency, the purposes of each committee and the extent to which the purposes have been achieved.

The information is available on request from:

**MFB Headquarters
456 Albert Street
East Melbourne Vic 3002
(03) 9662 2311**

Other disclosures

Consultancies under \$10,000

As at 30 June 2018, there were four consultancies engaged during the year where the total fees payable to the consultant was less than \$10,000. The total expense incurred on these four consultants was \$10,783.

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2017-18 (excl. GST)	Future expenditure (excl. GST)
Corrs Chambers Westgarth	MFB Data Security Review Assessment of compliance with Australian Signals Directorate (ASD) Information Security Manual	May-18	May-18	\$12,989	\$12,989	\$0
KPMG	Project scoping and Planning support for 12 x Fire Service Statement Initiative Funding Proposals	Dec-17	Dec-17	\$11,000	\$10,044	\$0
Lka Group Pty Ltd	Review and recommendations of claims management as well as MFB WorkCover and RTW teams	Jun-17	Jun-17	\$25,425	\$25,425	\$0
McCullagh Pty Ltd	Health Hub Trial	Jun-18	Jun-18	\$32,430	\$26,329	\$0
The Civic Group	Stakeholder Engagement Strategy	Jun-18	Sep-18	\$24,960	\$11,200	\$13,760
Total				\$106,804	\$85,986	
Consultancies under \$10,000 for 2017-18:					\$10,783	

Major contract compliance

During 2017-18, there were no contracts with a value greater than \$10 million entered into by MFB.

Contracts with a value of \$100,000 and above are placed on www.tenders.vic.gov.au in accordance with Victorian Government Purchasing Policy.

Compliance with the *Building Act 1993*

MFB owns and controls over \$680 million in property assets all across Victoria to meet its service delivery requirements.

In 2017-2018, a property capital program consisting of \$19,135,000 included investigative works, upgrades and refurbishing of existing fire stations, a new fire station and acquisition of a new fire station site.

MFB maintains its property assets with an annual recurrent maintenance and plant and equipment budget of approximately \$12 million which includes preventative and reactive maintenance works.

MFB ensures it complies with all building legislation with its capital and maintenance works. In 2017-18, the following building permits and notices were issued:

Other disclosures (continued)

Item 2017-18	number
No. of Greater Works Projects (>\$50,000)	25
No. of Building Permits obtained	8
No. of Occupancy Permits obtained	1
No. of Certificate of Final Inspections obtained	5
No. of Emergency Order issued on buildings	0
No. of Building Orders issued on buildings	0
No. of buildings brought into conformity with building standards	1

Does not include design and documentation work undertaken or works <\$50,000
 New FS40 Laverton Fire Station was commissioned and opened.
 Some works are awaiting final inspection certificates to be issued.
 New Brooklyn premises was acquired and building upgraded to meet *Building Act 1993* regulations.

MFB has implemented rigorous measures to maintain its critical property infrastructure.

These include:

- six-monthly OHS inspections on all worksites
- quarterly Essential Services inspections and audits
- six-monthly cathodic inspections
- six-monthly falls and heights inspections and audits
- quarterly electrical generator testing
- quarterly plumbing and drainage inspections
- quarterly security assessments
- asbestos audits
- water and interceptor trap testing
- preventative maintenance on mechanical plants
- six-monthly risk-based roof inspections and gutter cleaning
- six-monthly periodical cleans of all occupied work locations.

MFB has also entered into preventative maintenance contracts with its main service contractors that contain works schedules and key performance indicators that ensure MFB's facilities remain safe for its workforce and compliant with applicable requirements, at all times.

- The reference to the *Building Act 1993* should also be taken to refer to the provisions under the National Construction Code.

Office-based environmental impacts

MFB's Environmental Policy was established to meet government requirements and to reduce MFB's impact on the environment. MFB reports on a range of indicators for energy and water consumption, transportation, waste generation, paper purchasing, green procurement and greenhouse gas emissions. Consumption and usage is captured through a number of reporting methods conducted at both office accommodation and fire station sites. The program is independently collated and calculated annually by an independent environmental consultant.

MFB's Environmental Policy confirms its commitment to:

- comply with applicable legislation and other requirements that MFB has committed to
- reduce the environmental impact of our operations
- minimise pollution
- minimise consumption, the amount of waste production onsite and maximise recycling
- utilise sustainable purchasing principles when purchasing products and services and encourage our suppliers and contractors to meet high standards of environmental management and performance
- embed ecological sustainable design in station and building works, including consideration to research and innovative technologies
- provide environmental training to operational fire fighters, corporate staff and contractors
- build partnerships and share knowledge within the emergency services sector and the community
- set targets, measures and actions to deliver our policy commitments
- annual reporting on our environmental performance internally and externally
- periodic independent EMS audits and other benchmarking tools
- reduce the amount of waste and maximise the amount of reused and recycled resources
- ensure new capital works incorporate environmentally sustainable principles
- make environmentally sound purchasing decisions for capital items and consumables
- encourage staff to reduce environmental impacts through behaviour change
- communicate environmental performance through regular reporting
- adopt an environmental management system based on ISO14001 to drive continual environment improvement across the department.

Energy use

MFB consumes energy for a number of different uses including: office/district facilities (8 sites); fire stations (47 sites) training and education colleges (2 sites), fleet facility and workshop (1 site) and other warehousing and storage or unoccupied sites.

Environmental Indicator Report

Environmental indicator	Unit of measure	2005-06 baseline	2014-15	2015-16	2016-17	2017-18
Water²						
Total metered consumption	kL	30,031	48,263	43,052	40,061	45,537
Consumption per FTE ³	kL per FTE	13.5	21.7	18.9	17.5	19.6
Energy						
Energy consumption	GJ	48,555	48,475	52,778	48,520	54,925
Energy consumption per FTE	GJ per FTE	21.8	21.8	22.8	21.2	23.6
% green power purchased	Percentage	8%	0%	23%	23%	20%
Greenhouse emissions⁵						
- electricity use	tCO ₂ -e	8,219	11,710	10,575	9,511	11,488
- gas use	tCO ₂ -e	1,177	1,059	1,007	882	1,085
- vehicle use	tCO ₂ -e	2,978	3,081	2,675	2,878	3,021
Total MFB greenhouse emissions from these sources	tCO ₂ -e	12,374	15,850	14,258	13,271	15,594
Transportation¹						
Total fuel consumption	GJ	40,762	41,117	38,566	41,303	41,167
Consumption per FTE	GJ per FTE	22.0	18.5	16.9	18.0	17.7
Total distance travelled	kilometres	5,313,338	5,491,737	5,495,629	5,636,638	5,333,628
Total travel per FTE	kilometres per FTE	2,861	2,470	2,396	2,462	2,290

Waste

Emissions source	Consumption units	Consumption	CO ₂ -e(tonnes)
Landfill waste	kg	999,947.52	1,399.93
Commingled recycling	kg	138,009.46	0.00

Other disclosures (continued)

Paper use

MFB is assessing its paper use data on recycled products to improve on its future performance in line with its Environmental Policy.

Emissions source	2017-18	2016-17
0-49% recycled	2,820.5	3,102
75-100% recycled	4,412	4,410
Total	7,232.5	7,512
Total/FTE	3.10	3.30

1 MFB facilities do not undertake office-based activities in isolation of operational activities (that is, vehicle maintenance, firefighting and skills maintenance occur at sites undertaking administration and office-based activity). Data is reported for all MFB facilities (fire stations, offices and training facilities) for the reportable period of July 2016 to June 2017 and excludes all usage associated with activities directly on the fireground.

2 Water use data is metered potable water for all MFB sites and does not include water used on the fireground or during training from hydrants (apart from VEMTC).

3 FTE (full-time equivalent) staff was 2,276 on average for the reportable period.

4 Energy use includes electricity and natural gas consumed at MFB sites.

5 Greenhouse gas emissions are reported using scope 1, 2 & 3 emission factor calculations from the Australian Government's National Greenhouse Accounts Factors. Greenhouse emissions from operational fleet include emissions from use of fire trucks.

6 Transportation includes all vehicles, including firefighting appliances as well as commander, department and training vehicles.

7 The unit of measurement in the table above is equivalent reams.

MFB's objectives and targets

Objectives	Targets	Measures	Key activities
1. Improve systems	Improve environmental management systems	Environment strategy	<ul style="list-style-type: none"> Review and update strategy Reporting of environmental impacts
		Minimum ISO 140001 EMS system rating of 2.5	<ul style="list-style-type: none"> Review MFB's Environment aspects and impacts and update risk register Develop a green procurement policy and guidelines
		Increased efficiency and accuracy of environmental consumption data reporting	<ul style="list-style-type: none"> Implement a long-term environmental data management system for MFB, including evaluating existing and/or potential systems
2. Sustainable behaviours	Increased employee environmental awareness and levels of training	Environmental induction/training program developed for all new recruits and promotional training for firefighters	<ul style="list-style-type: none"> Develop environmental risk training (and procedures) for firefighters
3. Minimise waste generation	80 per cent recycling	Quantity of recycling (m ³) as a percentage of total business waste (m ³) reported by service providers	<ul style="list-style-type: none"> Develop a waste management plan incorporating improved waste bin systems for fire stations and corporate Develop and implement behaviour change Annual waste audits undertaken of corporate offices/fire stations

Objectives	Targets	Measures	Key activities
4. Water use reduction and impact on waterways	20 per cent water reduction	Quantities of water reused/ recycled as a percentage of total MFB water use (metered mains (facilities) + hydrant water used in training)	<ul style="list-style-type: none"> Develop a water action plan incorporating actions for all areas of MFB including corporate offices, fire stations and training
	Minimise contamination of waterways/stormwater from MFB premises and fire fighting	Reported spills to stormwater or contamination incidents from MFB premises	
5. Energy efficiency and carbon reduction	Improve building energy efficiency by: - 5 per cent by 2019-2020	Calculated as a reduction in total vehicle emissions for the MFB fleet (Tonnes CO ₂ -e)	<ul style="list-style-type: none"> Develop a sustainable transport strategy, including reducing the demand for vehicle use
	Reduce the total emissions of MFB transport by 5 per cent compared to 2005-06	Calculated as a percentage in the average vehicle emissions for the MFB fleet (calculated as grams CO ₂ -e/km)	<ul style="list-style-type: none"> Develop a sustainable transport strategy, including reducing the demand for vehicle use
	To increase the fuel efficiency of our fleet by 5 per cent compared to 2005-06		<ul style="list-style-type: none"> Develop a measurement methodology to estimate carbon associated with different MFB fires
	To measure the carbon impact of MFB's operational service delivery	Undertake a baseline measure (estimated) of total carbon associated with different MFB fires	<ul style="list-style-type: none"> Develop a measurement methodology to estimate carbon associated with different MFB fires Investigate the scope of carbon impact of MFB's operational service delivery and ways to reduce emissions
6. Sustainable built environments	All new fire stations are designed to 5-star Green Star equivalent fire station standard	The ability to benchmark performance (energy, water and waste) using normalising factors (m ² FTE) across MFB facility types	<ul style="list-style-type: none"> To develop a system to identify FTE and m₂ for every MFB facility type Investigate fire station benchmarking across Australia and internationally Investigate opportunities for poorly performing sites
	Benchmark and improve the environmental sustainability of existing fire stations, offices and training facilities	Half-life refits are embedded with all possible ecological sustainable design (ESD) elements identified within the 5 Star Green Star tool	<ul style="list-style-type: none"> Identify common ESD elements from the Green Star tool that can be embedded into half-life refits

Other disclosures (continued)

MFB's environmental achievements

MFB's commitment to the environment, has, or is on target to deliver the following environmental achievements:

- obtained a planning permit and Green Star Building Council approval to design and build Australia's first 5 Star Green Star rated fire station at Derrimut
- incorporated Green Star design principles into all new fire station design and where available, refurbishments
- implemented an LED lighting project which oversaw the assessment of lighting and installation of LEDs across MFB's corporate and operational portfolio
- conducted an investigation into the replacement of R22 mechanical refrigerant to a more environmentally friendly refrigerant
- installed solar panels in 22 fire stations
- re-use of materials in building refurbishment (where safe and available)
- implemented printer cartridge recycling at Eastern Hill Headquarters, diverting 45.14kg from landfill
- conducted water quality testing at the Victorian Emergency Management Training Centre to ensure water quality
- conducted testing of external water and sediment to ensure pollution-free waterways or contaminants in fire training are captured
- rainwater capturing across a majority of MFB sites for re-use
- established a diesel particulates capture and emissions working group
- incorporated environmental impact weighting in procurement and engagement with suppliers
- procured hybrid vehicles for corporate staff usage
- made public transport passes (Myki) available for staff work usage for travel to city fringe locations.

Compliance with the Carers Recognition Act 2012

MFB is focused not only on serving the wider community but also the wellbeing of our valued internal staff. We strive to create a high quality of working life for all staff, increasing levels of employee engagement and a respectful, accountable culture.

MFB has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. These include considering the care relationships principles set out in the Act to the extent practicable in forward planning for working arrangements, rostering, rostered days off and leave provisions.

These measures are supported by robust policy contained in Employee Agreements. For corporate and technical staff, this includes access to five days of paid carer's leave a year without evidence, unpaid carer's

leave for an agreed period or in the absence of agreement, up to two days unpaid carer's leave per occasion provided there is two hours' notice minimum and evidence as to the nature of the requirement. Unpaid carer's leave is also available to casual corporate and technical employees inside the same caveats for full-time employees. In addition to these provisions, additional leave, carer's leave on full, or reduced pay, or leave without pay may be granted at the discretion of the employer.

For corporate staff, these policies are also supported by flexible work arrangements. The ordinary hours of work, by agreement, may be worked flexibly to best meet both MFB's work requirements and staff personal and/or family circumstances. If flexible work is requested by staff, MFB will not unreasonably withhold agreement. This extends to arrangements for parents where an employee is the parent of a child under school age or the parent of a child who is under the age of 18 years and has a disability. In this instance, corporate staff may request a change in working arrangements to assist in the caring for the child in accordance with the National Employment Standards.

For operational staff, the existing Employee Agreement of 2010 provides an entitlement to utilise sick leave each year to care for members of immediate family or household who are sick and require care and support. This entitlement is subject to the employee being responsible for the care and support of the person concerned. In normal circumstances an employee is not entitled to take carer's leave where another person has taken leave to care for the same person.

No flexible work arrangements exist under this agreement for operational staff however; under the newly drafted *Employee Agreement for Operational Staff 2016*, MFB acknowledges its obligations to make reasonable accommodation for employees with parental or carer responsibilities. However, MFB's operational requirements mean generally that on-shift employees should be employed on a full-time basis and that MFB will meet the obligation to give reasonable accommodation/adjustments as required on a case-by-case basis, but acknowledge that this may, in some cases require an employee to transfer off-station or from their current work location to another position. This provision is currently the subject of further determination from the Fair Work Commission and has stalled the release of this agreement.

Compliance with the Disability Act 2006

This financial year, MFB continued to improve its compliance with the *Disability Act 2006*.

In April 2018, an Inclusion and Engagement Lead was recruited to deliver MFB's new diversity and inclusion strategies and policies - including the development and delivery of an MFB Disability Action Plan in 2018-19.



To date, the Inclusion and Engagement Lead has become an active member of the Victorian Public Service's Diversity and Inclusion Community of Practice and, through workshops, is contributing to designing a refreshed approach to disability action planning in Victoria.

In addition, and in accordance with the Victorian Government's Staffing Services State Purchase Contract, MFB's recruiting practices continue to support the hiring of people with disability.

MFB incorporates physical accessibility in plans for all building upgrades and new stations. As such, MFB's *Design and Delivery Manual for New and Refurbished Fire Stations* dictates that all works to buildings and surrounding public access environments meet a minimum accessible requirement when work is being planned and completed. These specifically relate to the public areas of car parks, main principle entrances and entry foyers, accessible visitor bathrooms, lecture rooms (multipurpose rooms), appliance bays, and turnout alcoves (to sign in and get through to appliance bays).

Capital projects/asset investment programs

MFB is not reporting any capital projects or asset investment programs as none of the total estimated investment values of completed projects during the financial year meet the disclosure threshold of \$10 million.

Information and communication technology (ICT) expenditure

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

For the 2017-18 reporting period, MFB had a total ICT expenditure of \$14,864,000 with the details shown below.

(\$ thousand)				
All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities			
Business As Usual (BAU) ICT expenditure	Non-business As Usual (non BAU) ICT expenditure	Operational expenditure	Capital expenditure	Total
12,507,000	310,000	12,817,000	2,047,000	\$14,864,000

Advertising expenditure

In 2017-18, MFB did not conduct any advertising campaigns with a total media spend of \$100,000 or greater.

Financial Management Compliance Attestation Statement

I, Jasmine Doak, on behalf of the Responsible Body, certify that the Metropolitan Fire and Emergency Services Board has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Disclosure index

MFB's Annual Report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate relevant identification of MFB's compliance with statutory disclosure requirements.

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FRD 22H	Occupational health and safety policy	30
FRD 22H	Summary of the financial results for the year	71
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Legislation	Requirement	Page reference
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Note:

(a) References to FRDs have been removed from the Disclosure index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Financial report

Management discussion and analysis

A net result of \$8.9 million deficit was recorded for the 2017–18 financial year which is an improvement on the \$31.0 million deficit for the previous financial year. The MFB Board and Executives continue to maintain a close focus on solid financial performance through diligent budgetary management over operating and capital expenditure to ensure long-term financial sustainability. Financial improvement initiatives continue to be pursued to achieve best value for money in procurement, improved asset management and planning and critical analysis of sectional budgets.

Income from transactions increased by \$34.6 million (8.5 per cent) to \$442.4 million primarily related to increased grant income from the State Government of \$18.8 million. The other key source of income relates to sales of services which increased by \$11.5 million. This income relates to fire suppression systems servicing and false alarm charges.

Expenses from transactions increased by \$11.2 million (2.5 per cent) to \$458.4 million. The lower increase in expenses compared to the higher increase in income was a key cause for the improved net result.

The overall comprehensive result for the current financial year was the same as the net result of \$8.9 million deficit, as there were no asset revaluations in the current financial year.

The employee benefits fund investments at 30 June 2018 totalled \$127.9 million. During the year the fund achieved an overall return of \$9.8 million (approximately 7.7 per cent).

Employee expenses for the financial year increased by \$6.4 million to \$335.8 million; of this increase \$4.6 million relates to increased salaries and leave payments to staff, which reflects pay increases approved of 1.5 per cent for operational staff (back dated to 1 May 2017) and 5 per cent for corporate and technical staff (back dated to 7 April 2017).

The net assets of MFB as at 30 June 2018 are \$741.0 million which represents 82 per cent equity over total assets controlled by the organisation.

Cash flow forecasts are regularly updated to ensure the organisation will meet financial obligations as they fall due.

Page 68 (Management discussion and analysis) inclusive is not part of the financial statements considered in the audit opinion issued by the Victorian Auditor-General's Office.

Financial statements

MFB presents its audited general purpose financial statements for the financial year ended 30 June 2018 in the following structure to provide users with the information about MFB's stewardship of resources entrusted to it.

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Comprehensive operating statement

For the financial year ended 30 June 2018

		(\$ thousand)	
	Notes	2018	2017
Continuing operations			
Income from transactions			
Grants	2.2	381,332	362,471
Sale of services and goods	2.3.1	44,975	33,424
Interest	2.3.2	851	993
Investment distributions	2.3.3	4,926	5,594
Gain on financial instruments – investments		201	192
Other income	2.3.5	10,117	5,175
Total income from transactions		442,402	407,849
Expenses from transactions			
Employee expenses	3.1.1	335,814	329,375
Depreciation and amortisation	4.1.1	24,351	24,484
Contract services with State Government entities	3.2	21,957	19,195
Other operating expenses	3.3	76,318	74,229
Total expenses from transactions		458,440	447,283
Net result from transactions (net operating balance)		(16,038)	(39,434)
Other economic flows included in net result			
Net gain on non-financial assets ⁽ⁱ⁾	8.2	127	1,891
Net gain on financial instruments ⁽ⁱⁱ⁾	8.2	4,672	4,569
Other gains from other economic flows	8.2	2,307	2,007
Total other economic flows included in net result		7,106	8,467
Net result		(8,932)	(30,967)
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	4.1.3	-	35,893
Total other economic flows – other comprehensive income		-	35,893
Comprehensive result		(8,932)	4,926

The accompanying notes form part of these financial statements.

Notes:

- (i) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus. Refer to Note 4.1
- (ii) 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments, except when these are taken through the financial assets available-for-sale revaluation surplus.

Financial report (continued)

Balance sheet

As at 30 June 2018

		(\$ thousand)	
	Notes	2018	2017
Assets			
Financial assets			
Cash and deposits	6.3	11,710	13,035
Receivables	5.1	20,688	12,908
Investments and other financial assets	4.4	127,866	128,072
Total financial assets		160,264	154,015
Non-financial assets			
Inventories	5.3	1,743	1,754
Property, plant and equipment	4.1	693,860	689,100
Investment property	4.2	37,132	46,925
Intangible assets	4.3	11,850	12,707
Prepayments		1,840	1,996
Total non-financial assets		746,425	752,482
Total assets		906,689	906,497
Liabilities			
Payables	5.2	31,810	28,532
Borrowings	6.1	1,189	1,427
Employee-related provisions	3.1.2	131,929	125,557
Other liabilities		755	1,043
Total liabilities		165,683	156,559
Net assets		741,006	749,938
Equity			
Accumulated surplus		192,527	201,459
Physical asset revaluation surplus	8.8	423,120	423,120
Contributed capital		125,359	125,359
Net worth		741,006	749,938

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2018

		(\$ thousand)	
	Notes	2018	2017
Cash flows from operating activities			
Receipts			
Receipts from government		381,331	362,471
Receipts from other entities		62,452	41,479
Interest received		851	1,074
Investment distributions received ⁽ⁱ⁾		4,925	5,594
Goods and services tax recovered from the ATO ⁽ⁱⁱ⁾		8,521	8,239
Total receipts		458,080	418,857
Payments			
Payments to suppliers and employees		(436,447)	(414,918)
Total payments		(436,447)	(414,918)
Net cash flows from/(used in) operating activities	6.3.1	21,633	3,939
Cash flows from investing activities			
Payments for investments ⁽ⁱⁱⁱ⁾		(4,920)	(5,590)
Proceeds from sale of investments ⁽ⁱⁱⁱ⁾		10,000	-
Purchases of non-financial assets		(31,971)	(20,663)
Proceeds from sales of non-financial assets		4,171	691
Net cash flows from/(used in) investing activities		(22,720)	(25,562)
Cash flows from financing activities			
Repayment of borrowings ^(iv)		(238)	(238)
Net cash flows from/(used in) financing activities		(238)	(238)
Net decrease in cash and cash equivalents		(1,325)	(21,861)
Cash and cash equivalents at beginning of financial year		13,035	34,896
Cash and cash equivalents at end of financial year	6.3	11,710	13,035

The accompanying notes form part of these financial statements.

Notes:

- (i) 'Investment distributions received' is recognised as cash flow from operating activities.
- (ii) Goods and services tax paid to and recovered from the ATO is presented on a net basis.
- (iii) Proceeds from sales of investments and payments for investments relate to the managed investment portfolio
- (iv) The loan repayment relates to an energy efficiency program loan provided by State Government. Refer to Note 6.1

Financial report (continued)

Statement of changes in equity

For the financial year ended 30 June 2018

					(\$ thousand)	
	Notes	Physical asset revaluation surplus	Available- for-sale financial asset revaluation surplus	Accumulated surplus	Contributed capital	Total
Balance at 1 July 2016		387,227	-	232,426	125,359	745,012
Net result for the year		-	-	(30,967)	-	(30,967)
Other comprehensive income for the year	8.8	35,893	-	-	-	35,893
Balance at 30 June 2017		423,120	-	201,459	125,359	749,938
Net result for the year		-	-	(8,932)	-	(8,932)
Other comprehensive income for the year	8.8	-	-	-	-	-
Balance at 30 June 2018		423,120	-	192,527	125,359	741,006

The accompanying notes form part of these financial statements.

The Metropolitan Fire and Emergency Services Board is a statutory authority established under the *Metropolitan Fire Brigades Act 1958*.

Its principal address is:

Metropolitan Fire and Emergency Services Board
456 Albert Street
East Melbourne VIC 3002

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

1. About this report

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.

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 MFB.

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 AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

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

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance information

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

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

Financial report (continued)

2. Funding delivery of our services

Introduction

MFB provides comprehensive fire, rescue and emergency response services including community resilience and educative programs to residents within the metropolitan fire district with the key objective to reduce the incidence and impact of fire and other emergencies on the community. MFB works closely and jointly with other organisations in the emergency services sector.

To enable MFB to fulfil the above mentioned services, the organisation is primarily funded from the Fire Services Property Levy. The levy applies to property owners, including local municipal councils who remit the levy annually to the State Revenue Office. The State Government determines the annual grant income funding for MFB as detailed in these financial statements. MFB also receives market-based service fees, statutory service fees and other income as detailed in these statements.

Structure

2.1	Summary of income that funds the delivery of our services	76
2.2	Grants	77
2.3	Income from transactions	77

2.1 Summary of income that funds the delivery of our services

		(\$ thousand)	
	Notes	2018	2017
Grants	2.2	380,512	362,471
Treasurer's advance ⁽ⁱ⁾	2.2	820	-
Sale of goods and services	2.3.1	44,975	33,424
Interest	2.3.2	851	993
Investment distributions – managed investment	2.3.3	4,926	5,594
Gain on financial instruments-investments	2.3.4	201	192
Other income	2.3.5	10,117	5,175
Total income from transactions		442,402	407,849

(i) The Treasurer's advance received via the Department of Justice and Regulation is State Government's re-imbusement of costs incurred in assisting other emergency services at major incidents and assisting regional strike teams.

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

2.2 Grants

Grant income of \$381.3 million, including Treasurer's advance \$0.8 million (2017: \$362.5 million) arises from transactions in which a party provides goods or assets (or extinguishes a liability) to MFB 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, MFB 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. MFB grants are primarily general purpose grants appropriated from the State Government.

2.3 Income from transactions

2.3.1 Sale of goods and services

	(\$ thousand)	
	2018	2017
Fire suppression equipment sales and servicing	23,518	21,582
False alarm charges	11,694	548
Charges services	4,084	4,665
Road accident rescue	3,775	3,689
Hazardous materials	128	1,394
Other – supply of services	1,776	1,546
Total sale of goods and services	44,975	33,424

The main source of income from sales of goods and services relates to false alarm income and fire suppression equipment and fire containment systems. The sales income is recognised when:

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

Regulatory fees are recognised at the time of billing.

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 MFB.

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.

Financial report (continued)

2.3.2 Interest

	(\$ thousand)	
	2018	2017
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	266	180
Interest on term deposits with Treasury Corporation Victoria	585	813
Total interest from financial assets not at fair value through profit and loss	851	993

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.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

2.3.3 Investment distributions

Investment distributions are declared income as advised by the fund managers on the investments. The investments include investments in term deposits, bonds, equities, exchange traded funds and other securities as defined in the management agreement between MFB and the fund manager. Accordingly, investment distributions include dividend income, interest income and capital gain income (net of any capital loss) upon sale of equities and exchange traded funds. Investment distribution income is accounted upon declaration and credit of the distribution to the investment account. As at 30 June 2018, MFB had investment distributions of \$4.926 million (2017: \$5.594 million).

2.3.4 Gain on financial instruments – investments

MFB portfolio of managed investments consists of equities, bonds and other financial instruments. As is customary in the financial markets, investments are traded in that they are sold and then other securities purchased. This results in realised gains or losses from securities that are purchased and sold. Realised gains or losses on financial instruments is calculated by comparing the initial unit purchase price to the unit sale price, multiplied by the number of units withdrawn.

The investment portfolios are priced 'to market prices' at regular intervals, this pricing to market price results in unrealised gains or losses. Unrealised gains or losses from the portfolio investments is not recorded under Income from transactions, but is separately reported under Other economic flows included in net result.

2.3.5 Other income

	(\$ thousand)	
	2018	2017
Workers compensation recovered from WorkCover	4,224	2,787
Insurance recovery	4,232	-
Property rental	308	363
Discount received – WorkCover premium	-	647
Sundry	1,353	1,378
Total other income	10,117	5,175

Rental income from leasing of investment property and from operating leases are recognised on a straight-line basis over the lease term.

3. The cost of delivering services

Introduction

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

Structure

3.1	Expenses incurred in delivery of services	79
3.2	Contract services with State Government entities	82
3.3	Other operating expenses	83

3.1 Expenses incurred in delivery of services

	Notes	2018	2017
		(\$ thousand)	
Employee benefits	3.1.1	335,814	329,375
Depreciation and amortisation	4.1.1	24,351	24,484
Contract services with State Government entities	3.2	21,957	19,195
Other operating expenses	3.3	76,318	74,229
Total expenses incurred in delivery of services		458,440	447,283

3.1.1 Employee benefits in the comprehensive operating statement

	2018	2017
	(\$ thousand)	
Salaries and wages, annual leave and long service leave	251,964	247,387
Overtime	21,883	21,122
Defined benefit superannuation expense	22,446	20,994
Defined contribution superannuation expense	1,952	2,756
Movement in employee leave benefit provisions	8,346	8,649
Payroll tax	14,083	14,083
WorkCover	13,943	13,259
Fringe benefits tax	1,197	1,125
Total employee expenses	335,814	329,375

Financial report (continued)

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. MFB does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, 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 MFB 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.

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 and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	(\$ thousand)	
	2018	2017
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	21,648	19,993
Unconditional and expected to settle after 12 months	14,933	13,691
Accrued leave		
Unconditional and expected to settle within 12 months	603	530
Unconditional and expected to settle after 12 months	4,498	4,038
Long service leave		
Unconditional and expected to settle within 12 months	6,985	6,110
Unconditional and expected to settle after 12 months	56,979	56,021
Provisions for on-costs		
Unconditional and expected to settle within 12 months	5,764	5,478
Unconditional and expected to settle after 12 months	14,137	13,816
Total current provisions for employee benefits	125,547	119,677
Non-current provisions:		
Long service leave	5,369	4,944
On-costs	1,013	936
Total non-current provisions for employee benefits	6,382	5,880
Total provisions for employee benefits	131,929	125,557

Reconciliation of movement in on-cost provision

	(\$ thousand)	
	2018	2017
Opening balance	20,230	19,373
Additional provisions recognised	9,660	11,033
Reductions arising from payments/other sacrifices of future economic benefits	(9,014)	(11,039)
Unwind of discount and effect of changes in the discount rate	38	863
Closing balance	20,914	20,230
Current	19,901	19,294
Non-current	1,013	936

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

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

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as MFB does not have an unconditional right to defer settlement of the liability 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. As sick leave is non-vesting, an expense is recognised in employee benefits in the statement of comprehensive income as it is taken.

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

Unconditional long service leave is disclosed as a current liability; even where MFB 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 MFB expects to wholly settle within 12 months; or
- present value – if MFB does not expect to wholly settle within 12 months.

Conditional long service leave 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 long service liability 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.

Financial report (continued)

3.1.3 Superannuation contributions

Employees of MFB are entitled to receive superannuation benefits and MFB contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2018	2017	2018	2017
Defined benefit plans⁽ⁱ⁾				
Emergency Services Superannuation Fund	22,065	20,233	119	761
Defined contribution plans				
Emergency Services Superannuation Fund	1,952	1,850	18	10
Other	1,046	896	-	-
Total	25,063	22,979	137	771

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

3.2 Contract services with State Government entities

	(\$ thousand)	
	2018	2017
Department of Justice and Regulation	9,132	8,969
Emergency Services Telecommunications Authority (ESTA)	11,989	9,344
Other	836	882
Total contract services with State Government entities	21,957	19,195

3.3 Other operating expenses

	(\$ thousand)	
	2018	2017
Supplies and services:		
Fire systems contractor services expense	13,657	12,453
Property utilities, rates and maintenance	11,752	11,247
Plant and equipment maintenance	5,975	9,569
Supplies and consumables	5,880	5,209
Information technology	5,596	6,100
Motor vehicles fuel and maintenance	5,458	4,737
Uniforms	4,471	5,092
Legals	4,040	2,593
Travel	4,366	3,341
Training and development	2,786	3,338
Communications	2,327	2,138
Insurance	976	936
Property leases	1,880	2,065
Cost of goods sold	545	534
Internal audit and compliance audit	2,629	1,080
Consultants	97	650
Advertising and promotional activity	131	183
Other	3,752	2,964
Total other operating expenses	76,318	74,229

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

Operating lease payments are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Financial report (continued)

4 Key assets available to support output delivery

Introduction

MFB controls investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that are controlled by MFB to be utilised for delivery of those outputs.

Structure

4.1	Property, plant and equipment	84
4.2	Investment property	88
4.3	Intangible assets	88
4.4	Investments and other financial assets	90

Significant judgement: Classification of investments as 'key assets'

MFB has made the judgement that investments are key assets utilised to support MFB's objectives and outputs.

MFB has applied judgement in relation to property, plant and equipment in regards to the useful lives, the asset condition, and classification in regards to aspects such as specialised or non-specialised and the fair value.

Fair value measurement

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

4.1 Property, plant and equipment

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
Land at fair value ⁽ⁱ⁾	330,559	326,843	-	-	330,559	326,843
Buildings at fair value ⁽ⁱ⁾	307,227	300,946	23,086	11,536	284,141	289,410
Plant, equipment and vehicles at fair value	105,147	96,324	51,822	42,571	53,325	53,753
Assets under construction at cost	25,835	19,094	-	-	25,835	19,094
Net carrying amount	768,768	743,207	74,908	54,107	693,860	689,100

(i) MFB land and buildings are predominantly classified as specialised. Refer to Note 7.3.2 for detailed classification.

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 nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

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

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 and non-specialised buildings are 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.

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

For the majority of MFB's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

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

Vehicles are valued using the depreciated replacement cost method. MFB 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 MFB who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

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

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

Financial report (continued)

4.1.1 Depreciation and amortisation

Charge for the period

	(\$ thousand)	
	2018	2017
Buildings	11,549	11,521
Plant, equipment and vehicles	11,200	11,567
Intangible produced assets (amortisation)	1,602	1,396
Total depreciation and amortisation	24,351	24,484

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

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: years
Buildings	40
Plant, equipment and vehicles (incl. leased assets)	3–40

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

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

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

4.1.2 Carrying values by purpose groups⁽ⁱ⁾

	(\$ thousand)			
	Public safety and environment		Total	
	2018	2017	2018	2017
Nature-based classification				
Land at fair value	330,559	326,843	330,559	326,843
Buildings at fair value	284,141	289,410	284,141	289,410
Plant, equipment and vehicles at fair value	53,325	53,753	53,325	53,753
Assets under construction at cost	25,835	19,094	25,835	19,094
Net carrying amount	693,860	689,100	693,860	689,100

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

4.1.3 Reconciliation of movements in carrying values of property, plant and equipment⁽ⁱ⁾

	(\$ thousand)				
	Land at fair value	Buildings at fair value	Plant, equipment and vehicles at fair value	Assets under construction at cost	Total
2018					
Opening balance	326,843	289,410	53,753	19,094	689,100
Additions	4,935	-	5,370	19,838	30,143
Disposals	-	-	(1,034)	-	(1,034)
Transfer in/out of assets under construction	-	6,661	6,436	(13,097)	-
Revaluation of PPE	-	-	-	-	-
Transfer (to)/from investment property	(1,219)	(381)	-	-	(1,600)
Depreciation	-	(11,549)	(11,200)	-	(22,749)
Closing balance	330,559	284,141	53,325	25,835	693,860

(i) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (that is, less than or equal to 10 per cent). Subsequently revaluation was not required. The next scheduled full revaluation for this purpose group will be conducted in 2021.

	(\$ thousand)				
	Land at fair value	Buildings at fair value	Plant, equipment and vehicles at fair value	Assets under construction at cost	Total
2017					
Opening balance	290,950	300,477	60,642	7,982	660,051
Additions	-	-	5,015	12,017	17,032
Disposals	-	-	(788)	-	(788)
Transfer in/out of assets under construction	-	454	451	(905)	-
Revaluation of PPE	35,893	-	-	-	35,893
Transfer (to)/from investment property	-	-	-	-	-
Depreciation	-	(11,521)	(11,567)	-	(23,088)
Closing balance	326,843	289,410	53,753	19,094	689,100

(i) Management performed fair value assessments for all asset classes as at 30 June 2017. The land class was revalued and there was no material change in other classes.

Financial report (continued)

4.2 Investment property

	(\$ thousand)	
	2018	2017
Balance at beginning of financial year	46,925	43,324
Disposals and property held for sale	(15,256)	-
Net gain from fair value adjustments	3,863	3,601
Transfers to investment property	1,600	-
Balance at end of financial year	37,132	46,925

Investment property represents property held to earn rentals or for capital appreciation, or both. Investment property excludes property held to meet service delivery objectives of MFB. Investment property is initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to MFB.

Subsequent to initial recognition at cost, investment property is revalued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period that they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar property. These properties are neither depreciated nor tested for impairment.

4.3 Intangible assets

	(\$ thousand)			
	Computer software	Licences	WIP	Total
2018				
Gross carrying amount				
Opening balance	24,538	13,268	2,896	40,702
Additions	860	-	969	1,829
Disposals	(1,405)	-	-	(1,405)
Transfers from construction in progress	1,227	-	(1,227)	-
Closing balance	25,220	13,268	2,638	41,126
Accumulated depreciation, amortisation and impairment				
Opening balance	(18,611)	(9,384)	-	(27,995)
Amortisation of intangible produced assets ⁽ⁱ⁾	-	(867)	-	(867)
Amortisation of intangible non-produced assets ⁽ⁱ⁾	(1,602)	-	-	(1,602)
Disposals	1,188	-	-	1,188
Impairment losses charged to net result ⁽ⁱⁱ⁾	-	-	-	-
Closing balance	(19,025)	(10,251)	-	(29,276)
Net book value at end of financial year	6,195	3,017	2,638	11,850

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

(ii) Impairment losses are included in the line item 'net gain/(loss) on non-financial assets' in the comprehensive operating statement.

	(\$ thousand)			
	Computer software	Licences	WIP	Total
2017				
Gross carrying amount				
Opening balance	22,303	13,268	1,502	37,073
Additions	1,703	-	1,926	3,629
Disposals	-	-	-	-
Transfers from construction in progress	532	-	(532)	-
Closing balance	24,538	13,268	2,896	40,702
Accumulated depreciation, amortisation and impairment				
Opening balance	(16,437)	(8,523)	-	(24,960)
Amortisation of intangible produced assets ⁽ⁱ⁾	-	(861)	-	(861)
Amortisation of intangible non-produced assets ⁽ⁱ⁾	(1,396)	-	-	(1,396)
Disposals	-	-	-	-
Impairment losses charged to net result ⁽ⁱⁱ⁾	(778)	-	-	(778)
Closing balance	(18,611)	(9,384)	-	(27,995)
Net book value at end of financial year	5,927	3,884	2,896	12,707

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

(ii) Impairment losses are included in the line item 'net gain/(loss) on non-financial assets' in the comprehensive operating statement.

Initial recognition

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

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

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

Financial report (continued)

Subsequent measurement

Intangible produced assets with finite useful lives, are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives. Intangible produced assets have useful lives of between 15 and 25 years.

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. The amortisation period is 15 to 25 years.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. As at reporting date, MFB does not hold any indefinite life intangible assets.

Annual impairment testing is undertaken which involves detailed analysis with the asset managers to determine if any events such as policy changes, new technology, emerging systems etc. that impact the expected future life usage of the intangible assets or potential future cash flows anticipated.

If impairment is indicated, the asset value is adjusted to its expected remaining useful life and the resulting change is treated as an impairment loss to the operating statement.

4.4 Investments and other financial assets

	(\$ thousand)	
	2018	2017
Current investments and other financial assets		
Term deposits:		
Total current investments and other financial assets	-	-
Non-current investments and other financial assets		
Equities and managed investment schemes:		
Employee Benefits Fund – balanced fund	114,867	114,340
Employee Benefits Fund – growth fund	12,999	13,732
Total non-current investments and other financial assets	127,866	128,072
Total investments and other financial assets	127,866	128,072

(i) MFB designated all its equities and managed investment schemes at fair value through profit or loss. Unless such assets are part of a disposal group held for sale, all equities and managed investment schemes are classified as non-current.

5. Other assets and liabilities

Introduction

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

Structure

5.1	Receivables	91
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5.1 Receivables

	(\$ thousand)	
	2018	2017
Contractual		
Sale of goods and services	15,482	5,317
Other receivables	32	5,045
Provision for doubtful contractual receivables	(80)	(115)
Statutory		
GST input tax credit recoverable	2,748	1,475
Regulatory fees charges	2,506	1,186
Total receivables	20,688	12,908
Represented by:		
Current receivables	20,688	12,908
Non-current 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.

Financial report (continued)

5.1.1 Movement in the provision for doubtful debts

	(\$ thousand)	
	2018	2017
Balance at beginning of the year	115	184
Reversal of unused provision recognised in the net result	7	2
Transfers out/amounts written off	(43)	(258)
(Decrease)/increase in provision recognised in the net result	1	187
Balance at end of the year	80	115

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 goods 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.

5.1.2 Ageing analysis of contractual receivables

	(\$ thousand)				
	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired	
				1-3 months	3 months -1 year
2018					
Sale of goods and services	15,482	14,124	928	304	126
Other receivables	32	13	-	-	19
Total	15,514	14,137	928	304	145
2017					
Sale of goods and services	5,317	4,385	535	256	141
Other receivables	5,045	5,022	-	-	23
Total	10,362	9,407	535	256	164

Interest is not charged on overdue receivables; irrespective, all receivables are actively followed up. In particular cases, upon application to and agreed by MFB, receivable payment plans are established which are reflected in past due not impaired amounts referred in the above tables. There are no material financial assets that are individually determined to be impaired. Currently, MFB 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

	(\$ thousand)	
	2018	2017
Contractual		
Supplies and services	13,904	10,944
Amounts payable to government and agencies	5,419	182
Accrued employee costs	6,711	11,939
Other payables	2,641	2,107
Statutory		
Fringe benefits tax payable	300	298
Pay As You Go tax payable	1,734	1,237
Payroll tax payable	1,101	1,825
Total payables	31,810	28,532
Represented by:		
Current payables	31,810	28,532
Non-current payables	-	-

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to MFB prior to the end of the financial year that are unpaid; and

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice and there have been no claims by suppliers for interest for late payment.

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

Financial guarantees: Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may be exercised, the liability is recognised at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Assets and Contingent Liabilities* or the amount initially recognised.

MFB provides minimal financial guarantees and none are material in nature or amounts.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to MFB in the event of default.

Financial report (continued)

5.2.1 Maturity analysis of contractual payables⁽ⁱ⁾

	(\$ thousand)				
	Carrying amount	Nominal amount	Less than 1 month	Maturity dates	
				1-3 months	3 months -1 year
2018					
Supplies and services	13,904	13,904	11,707	2,108	89
Amounts payable to government and agencies	5,419	5,419	5,419	-	-
Accrued employee costs	6,711	6,711	2,216	4,495	-
Other payables	2,641	2,641	2,528	-	113
Total	28,675	28,675	21,870	6,603	202
2017					
Supplies and services	10,944	10,944	9,882	1,062	-
Amounts payable to government and agencies	182	182	182	-	-
Accrued employee costs	11,939	11,939	9,289	250	2,400
Other payables	2,107	2,107	1,993	114	-
Total	25,172	25,172	21,346	1,426	2,400

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

5.3 Inventories

	(\$ thousand)	
	2018	2017
Current inventories		
Supplies and consumables: At cost	1,958	2,005
Total current inventories	1,958	2,005
Loss of service potential	(215)	(251)
Total inventories	1,743	1,754

Inventories are recorded at cost upon receipt and then measured on the basis of weighted average cost.

Inventory is assessed regularly for obsolescence and carrying values are adjusted where applicable.

Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

6. How we financed our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 and sub-set notes provide additional, specific financial instrument disclosures.

Structure

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6.1 Borrowings

	(\$ thousand)	
	2018	2017
Current borrowings		
Advances from government ⁽ⁱ⁾	238	238
Total current borrowings	238	238
Non-current borrowings		
Advances from government ⁽ⁱ⁾	951	1,189
Total non-current borrowings	951	1,189
Total borrowings—loan from State Government	1,189	1,427

(i) The interest-free loan from State Government is recognised at the fair value of the consideration.

6.2 Leases

6.2.1 Operating leases

	(\$ thousand)			
Lease Type	Less than 1 year	1-5 years	5+ years	Total
2018				
Office and temporary station rental	370	42	-	412
Total	370	42	-	412
2017				
Office, temporary station and fireboat berth rental	575	245	-	820
Total	575	245	-	820

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

Financial report (continued)

6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose 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 an insignificant risk of changes in value.

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

	(\$ thousand)	
	2018	2017
Total cash and deposits disclosed in the balance sheet	11,710	13,035
Balance as per cash flow statement	11,710	13,035

MFB does not generally hold a large cash reserve in its bank accounts to align with State Government guidance on investment and funding arrangements.

MFB manages all banking accounts under MFB's name, subsequently all receipts and payments are managed through MFB-designated bank accounts and investment accounts.

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

	(\$ thousand)	
	2018	2017
Net result for the period	(8,932)	(30,967)
Non-cash movements:		
Loss on sale or disposal of non-financial assets	2,867	69
(Gain) on revaluation of investment property	(3,863)	(3,601)
Depreciation and amortisation of non-current assets	25,218	25,345
Impairment of non-current assets	-	807
Unrealised (gain) on held for trading investments	(4,673)	(4,756)
Net (gain) on financial instruments	(201)	(192)
(Decrease) in provision for doubtful debts	(35)	(69)
Other non-cash movements	(36)	(11)
Movements included in investing and financing activities:		
Sale proceeds from held for trading investments	-	5,000
Movements in assets and liabilities:		
(Decrease) in operating receivables	(7,748)	(5,119)
Increase in deferred land sale receivable	9,467	-
Decrease/(increase) in inventories	47	(101)
Decrease/(increase) in prepayments	161	(336)
Increase in payables	3,278	12,239
Increase in provisions	6,372	6,440
(Decrease) in other liabilities	(289)	(809)
Net cash flows from operating activities	21,633	3,939

6.3.2 Financing facilities

MFB has access to a bank overdraft facility of \$100,000 and unsecured credit card facility of \$960,000. Invariably at month and year-end reporting periods, only a small portion of the credit card facility is utilised, the overdraft facility has not been utilised in the past reporting period.

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. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable⁽ⁱ⁾

	(\$ thousand)		
	Less than 1 year	1-5 years	Total
Nominal amounts 2018			
Capital expenditure commitments payable	5,480	-	5,480
Operating expense and lease commitments payable ⁽ⁱ⁾	19,607	558	20,165
Total commitments (inclusive of GST)	25,087	558	25,645
Less GST recoverable from the Australian Tax Office	(2,280)	(50)	(2,330)
Total commitments (exclusive of GST)	22,807	508	23,315
Nominal amounts 2017			
Capital expenditure commitments payable	11,169	-	11,169
Operating expense and lease commitments payable ⁽ⁱ⁾	19,686	245	19,931
Total commitments (inclusive of GST)	30,855	245	31,100
Less GST recoverable from the Australian Tax Office	(2,805)	(22)	(2,827)
Total commitments (exclusive of GST)	28,050	223	28,273

(i) Operating lease commitments relate to fire station and office facilities with lease terms between 1 and 3 years. These contracts do not allow MFB to purchase the facilities after the lease ends.

6.4.2 Details of commitments

	(\$ thousand)	
	2018 Nominal value (incl GST)	2017 Nominal value (incl GST)
Capital expenditure commitments: Plant, equipment and vehicles	5,480	11,169
Intangible asset commitments	-	-
Operating lease commitments: Temporary station and office	412	820
Other operational supplies and services commitments	19,753	19,111
Total commitments	25,645	31,100

Financial report (continued)

7. Risks, contingencies and valuation judgements

Introduction

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

Structure

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

The significant financial instruments are the managed investment portfolios, these investments are to provide for employee entitlements.

Guarantees issued on behalf of MFB are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

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). MFB recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits.

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result. MFB recognises investments in managed investment schemes which include equities, in this category.

Held to maturity financial assets: If MFB has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

MFB makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes certain term deposits and debt securities for which MFB intends to hold to maturity.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. MFB recognises certain debt securities in this category.

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

- payables (excluding statutory payables)
- borrowings.

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

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

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where MFB 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.

Derecognition 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 derecognised when:

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

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

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

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

Financial report (continued)

Reclassification of financial instruments (continued)

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.

7.1.1 Financial instruments: Categorisation

	Contractual financial assets/ liabilities designated at fair value through profit/loss	Contractual financial assets - loans and receivables and cash	Contractual financial liabilities at amortised cost	Total
2018				
Contractual financial assets				
Cash and deposits	-	11,710	-	11,710
Receivables⁽ⁱ⁾				
Sale of goods and services	-	15,482	-	15,482
Other receivables	-	32	-	32
Investments and other contractual financial assets				
Employee Benefits Fund	127,866	-	-	127,866
Total contractual financial assets	127,866	27,224	-	155,090
Contractual financial liabilities				
Payables⁽ⁱ⁾				
Supplies and services	-	-	13,904	13,904
Amounts payable to government and agencies	-	-	5,419	5,419
Accrued employee costs	-	-	6,711	6,711
Other payables	-	-	2,641	2,641
Borrowings				
State Government loan	-	-	1,189	1,189
Total contractual financial liabilities	-	-	29,864	29,864

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

	Contractual financial assets/ liabilities designated at fair value through profit/loss	Contractual financial assets – loans and receivables and cash	Contractual financial liabilities at amortised cost	Total
2017				
Contractual financial assets				
Cash and deposits	-	13,035	-	13,035
Receivables⁽ⁱ⁾				
Sale of goods and services	-	5,317	-	5,317
Other receivables	-	5,045	-	5,045
Investments and other contractual financial assets				
Employee Benefits Fund	128,072	-	-	128,072
Total contractual financial assets	128,072	23,397	-	151,469
Contractual financial liabilities				
Payables⁽ⁱ⁾				
Supplies and services	-	-	10,944	10,944
Amounts payable to government and agencies	-	-	182	182
Accrued employee costs	-	-	11,939	11,939
Other payables	-	-	2,107	2,107
Borrowings				
State Government loan	-	-	1,427	1,427
Total contractual financial liabilities	-	-	26,599	26,599

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

Financial report (continued)

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

	(\$ thousand)		
	Net holding gain/(loss)	Total interest income/ (expense)	Total
2018			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	9,794	-	9,794
Financial assets – loans and receivables	-	851	851
Total contractual financial assets	9,794	851	10,645
Total contractual financial liabilities	-	-	-
2017			
Contractual financial assets			
Financial assets designated at fair value through profit/loss	5,538	-	5,538
Financial assets – loans and receivables	-	993	993
Total contractual financial assets	5,538	993	6,531
Total contractual financial liabilities	-	-	-

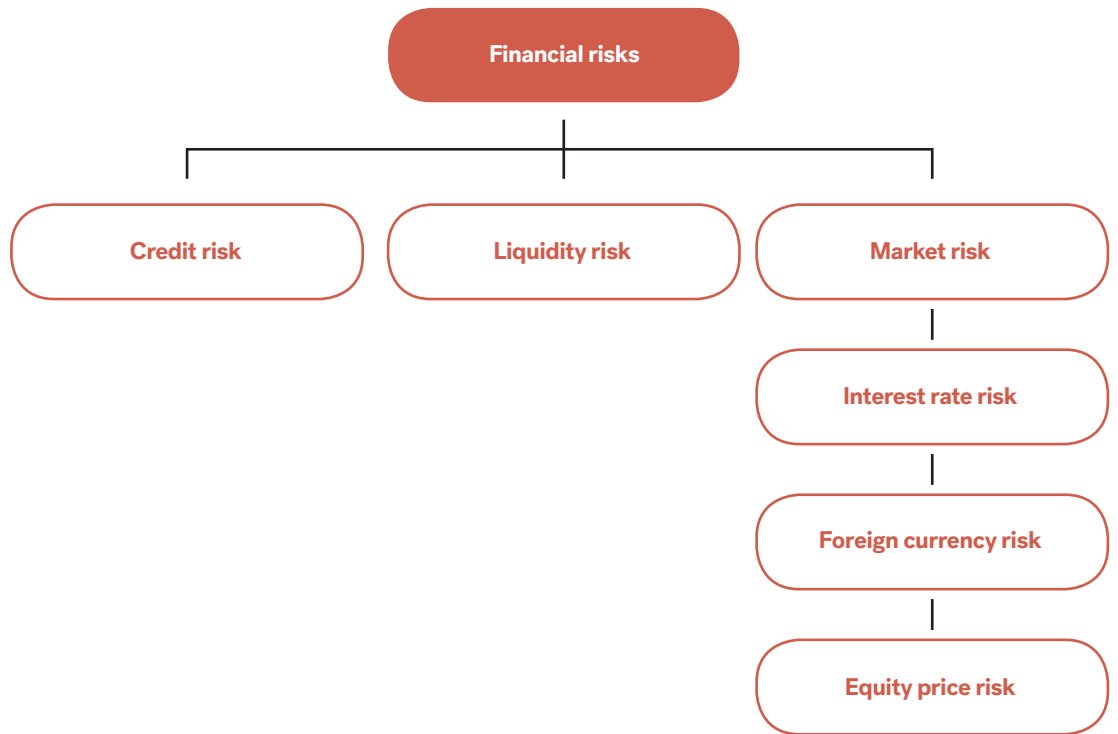
[Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.]

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

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

7.1.3 Financial risk management objectives and policies

MFB is exposed to a number of financial risks, including:



As a whole, MFB'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 MFB's Financial Risks within the government policy parameters.

MFB's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. MFB manages these financial risks in accordance with its Financial Risk Management Policy.

MFB uses different methods to measure and manage the different risks to which it is exposed. Significantly, MFB Board and Executives are briefed and guided on portfolio investment risks by professional fund managers. Primary responsibility for the identification and management of financial risks rests with the Finance Department under Corporate Services.

Financial report (continued)

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

Credit risk associated with MFB's contractual financial assets with State Government entities is minimal. For debtors other than the government, particularly in relation to statutory charges relating to false alarms, MFB is obligated under certain conditions to charge. Accordingly MFB has no capacity to minimise credit risk, but utilises approaches such as periodic instalment arrangements to achieve settlement of debtors accounts.

In addition, MFB does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, MFB'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 MFB 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 changes 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 MFB's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to MFB's credit risk profile in 2017-18.

	(\$ thousand)			
	Financial institution (double A credit rating)	Government agencies (triple A credit rating)	Other (no credit rating)	Total
2018				
Cash and deposits	11,710	-	-	11,710
Receivables ⁽ⁱ⁾	-	2,300	13,182	15,482
Investments and other financial assets ⁽ⁱⁱ⁾	-	-	127,866	127,866
Total contractual financial assets	11,710	2,300	141,048	155,058
2017				
Cash and deposits	13,035	-	-	13,035
Receivables ⁽ⁱ⁾	-	70	10,292	10,362
Investments and other financial assets ⁽ⁱⁱ⁾	-	-	128,072	128,072
Total contractual financial assets	13,035	70	138,364	151,469

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

(ii) Investments relate to the two managed investment portfolios, the funds are invested with recognised fund managers that are analysed in respect of risk, controls, management capacity and long-term operating viability among other key attributes. But these fund managers are generally not rated by ratings agencies.

7.1.5 Financial instruments: Liquidity risk

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

MFB is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. MFB manages its liquidity risk by:

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

MFB's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events can be sourced from liquidation of financial investments or under specific credit arrangements with MFB's bank.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements as loan from State Government (interest-free loan) of \$1.189 million (2017: \$1.427 million), represents MFB's maximum exposure to liquidity risk. Also MFB has issued low-value bank guarantees totalling less than \$100,000.

7.1.6 Financial instruments: Market risk

MFB's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

MFB'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. MFB'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 100 basis points up and down (2017: 100 basis points up and down) in market interest rates (AUD)
- MFB exposure to exchange rate fluctuations is limited to the investment and is managed by the fund manager maintaining a currency hedged position (that is, holding forward currency hedge contracts). Accordingly currency exposure to MFB financial instruments is negligible
- a movement of 15 per cent up and down (2017: 15 per cent) for the top ASX 200 index and the equivalent USA and European market indices.

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

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. MFB holds interest-bearing investments through the managed investment portfolios and subsequently has exposure to fair value interest rate risk.

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

MFB 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 MFB to significant bad risk, management monitors movement in interest rates on a daily basis.

Financial report (continued)

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

Interest rate exposure of financial instruments

		(\$ thousand)		Interest rate exposure	
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest- bearing
2018					
Financial assets					
Cash and deposits	1.50	11,710	-	11,710	-
Receivables⁽ⁱ⁾					
Sale of goods and services	-	15,482	-	-	15,482
Other receivables	-	32	-	-	32
Investments and other contractual financial assets					
Managed investments		127,866	37,060	23,125	67,681
Term deposits	1.72	-	-	-	-
Total financial assets		155,090	37,060	34,835	83,195
Financial liabilities					
Payables⁽ⁱ⁾					
Supplies and services	-	13,904	-	-	13,904
Amounts payable to government and agencies	-	5,419	-	-	5,419
Accrued employee costs	-	6,711	-	-	6,711
Other payables	-	2,641	-	-	2,641
Borrowings					
Loan from State Government	0	1,189	-	-	1,189
Total financial liabilities	-	29,864	-	-	29,864

(i) The carrying amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian government and GST input tax credit recoverable).

		(\$ thousand)		Interest rate exposure	
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest-bearing
2017					
Financial assets					
Cash and deposits	1.53	13,035	-	13,035	-
Receivables⁽ⁱ⁾					
Sale of goods and services	-	5,317	-	-	5,317
Other receivables ⁽ⁱⁱ⁾	-	5,045	-	-	5,045
Investments and other contractual financial assets					
Managed investments		128,072	37,048	23,098	67,926
Term deposits	1.75	-	-	-	-
Total financial assets		151,469	37,048	36,133	78,288
Financial liabilities					
Payables⁽ⁱ⁾					
Supplies and services	-	10,944	-	-	10,944
Amounts payable to government and agencies	-	182	-	-	182
Accrued employee costs	-	11,939	-	-	11,939
Other payables	-	2,107	-	-	2,107
Borrowings					
Loan from State Government	0	1,427	-	-	1,427
Total financial liabilities	-	26,599	-	-	26,599

(i) The carrying amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian government and GST input tax credit recoverable).
(ii) Other receivable is a withdrawal from investment effected 28/6/2017 with settlement effective in three business days.

Financial report (continued)

Interest rate risk sensitivity

		(\$ thousand)	
		-100 basis points	+100 basis points
	Carrying amount	Net result	Net result
2018			
Contractual financial assets			
Cash and deposits	11,710	(117)	117
Investments and other contractual financial assets	60,184	(602)	602
Total impact		(719)	719
2017			
Contractual financial assets			
Cash and deposits	13,035	(130)	130
Investments and other contractual financial assets ⁽ⁱ⁾	65,146	(651)	651
Total impact		(781)	781

(i) Included in investments is a managed investment withdrawal of \$5 million that was processed prior 30 June 2017 but was still in settlement (as settlement is three business days from withdrawal request).

(ii) As at reporting dates June 2017 and June 2018, an interest-free Loan from State Government existed but is not included in the table above as no interest applies to the borrowing.

Foreign currency risk

MFB is exposed to foreign currency risk primarily due to the two managed investment (balanced and growth) funds and payables relating to purchases of supplies and consumables from overseas. MFB has a limited amount of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement; therefore, risk is minimal.

MFB exposures are mainly against the US dollar (USD) and Euro holdings related to the investment portfolios.

The investment fund manager maintains a structured currency hedging program to manage and minimise exposure to exchange rate risk on the two investments held by MFB.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Equity price risk

MFB is exposed to equity price risk through its two portfolio investments in listed and unlisted shares and managed investment schemes. Such investments are allocated and traded to match the investment objectives determined by MFB Board. MFB Board determined the investment objectives after detailed consideration of analysis, advice and consultation with the professional fund managers.

The fund manager on behalf of MFB, closely monitors performance and manages the equity price risk through diversification of its investment portfolio.

MFB's sensitivity to equity price risk on the following page.

Other price risk sensitivity

		(\$ thousand)	
	Carrying amount	-15% Net result	+ 15% Net result
2018			
Contractual financial assets			
Investments and other contractual financial assets ⁽ⁱ⁾	67,681	(10,152)	10,152
Total impact		(10,152)	10,152
2017			
Contractual financial assets			
Investments and other contractual financial assets ⁽ⁱ⁾	67,926	(10,188)	10,188
Total impact		(10,188)	10,188

(i) Investments and other contractual financial assets includes only managed Investment portfolios held by MFB.

7.2 Contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent assets

Supreme court proceedings against City of Yarra for contamination at the Burnley complex; the matter is ongoing.

Supreme court proceedings in relation to structural deficiencies at the Glen Iris Fire Station; the matter is ongoing.

Contingent liabilities

Contingent liabilities are:

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

Contingent liabilities are also classified as either quantifiable or non-quantifiable. As at balance date, there were no quantifiable contingent liabilities.

Non-quantifiable contingent liabilities as at 30 June 2018 are:

Legal claims were lodged during the 2017–18 year against MFB on various matters. As at 30 June 2018 these cannot be quantified; but are not expected to have a material impact on any amounts disclosed in these financial statements.

Financial report (continued)

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 MFB.

This section sets out information on how MFB 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:

- financial assets and liabilities at fair value through operating result
- available-for-sale financial assets
- land, buildings, plant and equipment
- investment property.

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

MFB 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 facilitate 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.

MFB 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.

How this section is structured

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

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

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

7.3.1 Fair value determination of financial assets and liabilities

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

Level 1 – the fair value of financial instrument 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.

MFB currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017–18 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	• for supplies and services
• sale of goods and services	• amounts payable to government and agencies
• accrued investment income	• other payables
• other receivables	Borrowings:
Investments and other contractual financial assets:	• loan from State Government
• term deposits	

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost

	(\$ thousand)			
	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
Financial liabilities				
Loan from State Government ⁽ⁱ⁾	1,189	1,189	1,427	1,427

(i) Loan from State Government is an interest-free 7-year term loan commencing July 2015.

Financial assets measured at fair value

	(\$ thousand)			
	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
2018				
Financial assets at fair value through profit or loss				
Managed investments	127,866	-	127,866	-
Total	127,866	-	127,866	-
2017				
Financial assets at fair value through profit or loss				
Managed investments	128,072	-	128,072	-
Total	128,072	-	128,072	-

(i) There is no significant transfer between Level 1 and Level 2 or Level 3.

Financial report (continued)

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value.

Listed securities: The listed share assets are valued at fair value with reference to a quoted (unadjusted) market price from an active market. MFB categorises these instruments as Level 1.

Debt securities: In the absence of an active market, the fair value of MFB's debt securities and government bonds are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, MFB categorises these investments as Level 2.

Unlisted securities: The fair value of unlisted securities is based on the discounted cash flow method. Significant inputs in applying this technique include growth rates applied for future cash flows and discount rates utilised. To the extent that the significant inputs are unobservable, MFB categorises these investments as Level 3.

Managed investment schemes: MFB invests in managed funds which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock-up periods, redemption gates and side pockets. MFB considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value (NAV) of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading of MFB, MFB classifies these funds as either Level 2 or Level 3.

The fair value of unlisted investments is based on the underlying market values on equity holdings inherent in the managed portfolios. The values are regularly calculated by the fund management and as at 30 June annually are reflective of fair value of the underlying holdings.

The managed investments are classified as Level 2.

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

		(\$ thousand)		
	Carrying amount as at 30 June 2018	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱⁱ⁾	Level 3 ⁽ⁱⁱⁱ⁾
2018				
Land at fair value⁽ⁱⁱⁱ⁾				
Specialised land	294,498	-	-	294,498
Non-specialised land	36,061	-	36,061	-
Total of land at fair value	330,559	-	36,061	294,498
Buildings at fair value				
Specialised buildings	261,416	-	-	261,416
Heritage assets ⁽ⁱⁱⁱ⁾	22,725	-	-	22,725
Total of buildings at fair value	284,141	-	-	284,141
Plant, equipment and vehicles at fair value				
Vehicles ^(iv)	42,104	-	-	42,104
Plant and equipment	11,221	-	-	11,221
Total of plant, equipment and vehicles at fair value	53,325	-	-	53,325

(i) Classified in accordance with the fair value hierarchy, see Note 7.3.1

(ii) An independent valuation of specialised land was performed using the Victorian Valuer-General's office as at 30 June 2016. The valuation was performed basis the market approach and adjusted for Community Service Obligations (CSO).

(iii) MFB holds \$22.7 million worth of property listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

(iv) Appliance vehicles are categorised as Level 3 assets as MFB uses the depreciated replacement cost in estimating the fair value

		(\$ thousand)		
		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June 2017	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱⁱ⁾	Level 3 ⁽ⁱⁱⁱ⁾
2017				
Land at fair value⁽ⁱⁱ⁾				
Specialised land	292,923	-	-	292,923
Non-specialised land	33,920	-	33,920	-
Total of land at fair value	326,843	-	33,920	292,923
Buildings at fair value				
Specialised buildings	265,948	-	-	265,948
Heritage assets ⁽ⁱⁱⁱ⁾	23,462	-	-	23,462
Total of buildings at fair value	289,410	-	-	289,410
Plant, equipment and vehicles at fair value				
Vehicles ^(iv)	42,398	-	-	42,398
Plant and equipment	11,355	-	-	11,355
Total of plant, equipment and vehicles at fair value	53,753	-	-	53,753

(i) Classified in accordance with the fair value hierarchy, see Note 7.3.1

(ii) An independent valuation of specialised land was performed using the Victorian Valuer-General's office as at 30 June 2016. The valuation was performed basis the market approach and adjusted for Community Service Obligations (CSO).

(iii) MFB holds \$23.5 million worth of property listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

(iv) Appliance vehicles are categorised as Level 3 assets as MFB uses the depreciated replacement cost in estimating the fair value.

Non-specialised land and non-specialised buildings are 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 was performed by Valuer-General's Victoria as at 30 June 2016 for all land and buildings to determine fair value using the market approach and adjusting the market value where applicable for specialised land. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. Specialised buildings, which include most MFB buildings, including fire stations, are valued using the depreciated replacement cost.

Land, buildings and the vehicle classes of assets underwent management reviews of valuations as at 30 June 2018, as the book values are representative of the fair value valuations (accounting for depreciated replacement cost values to core buildings), the increase was immaterial by asset class. Accordingly, land, buildings and vehicles were not revalued as at 30 June 2018.

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

Financial report (continued)

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

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

For the majority of MFB'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.

The most recent independent valuation of MFB's specialised land and specialised buildings was performed by the Valuer-General Victoria (VGV) as at 30 June 2016. The valuation was performed using the market approach adjusted for CSO.

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

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

Specialised land was reviewed by management for changes in fair values based upon VGV indices as at 30 June 2018, as there was no material change since the last revaluation, there was no revaluation required in the current reporting period.

Similarly, specialised buildings were analysed for changes in the current depreciated replacement cost, including CSO adjustments. No revaluation was required as at 30 June 2018, as there was no material movement in fair value for this class since June 2016.

Vehicles are valued using the depreciated replacement cost method. MFB 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 MFB 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.

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

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

Reconciliation of Level 3 fair value movements

	Specialised land	Specialised buildings	Heritage assets	Vehicles	Plant and equipment
2018					
Opening balance	292,923	265,948	23,462	42,398	11,355
Purchases	-	6,082	579	8,790	3,015
Disposals	-	-	-	(1,028)	(5)
Transfers in (out) of Level 3	2,794	-	-	-	-
Transfer to investment property	(1,219)	(381)	-	-	-
Gains or losses recognised in net result					
Depreciation	-	(10,233)	(1,316)	(8,056)	(3,144)
Subtotal	1,575	(4,532)	(737)	(294)	(134)
Gains or losses recognised in other economic flows					
Revaluation	-	-	-	-	-
Closing balance	294,498	261,416	22,725	42,104	11,221
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
2017					
Opening balance	260,460	275,890	24,587	49,194	11,448
Purchases	-	285	170	2,261	3,205
Disposals	-	-	-	-	-
Transfers in (out) of Level 3	-	-	-	(779)	(9)
Transfer to investment property	-	-	-	-	-
Gains or losses recognised in net result					
Depreciation	-	(10,227)	(1,295)	(8,278)	(3,289)
Subtotal	-	(9,942)	(1,125)	(6,796)	(93)
Gains or losses recognised in other economic flows					
Revaluation	32,463	-	-	-	-
Closing balance	292,923	265,948	23,462	42,398	11,355
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-

Financial report (continued)

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾
Specialised land	Best use fair value method, which considers the market value basis best use of the land subject to CSO obligations.	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost (DRC)	Replacement cost of buildings provided by cost consultants Useful life of specialised buildings upon initiation is 40 years
Heritage assets	Depreciated replacement cost ⁽ⁱⁱ⁾	Replacement cost provided by cost consultants
Vehicles	Depreciated replacement cost	Replacement cost per appliance/vehicle Useful life of vehicles is 15 years for appliances and three years for passenger vehicles.
Plant and equipment	Depreciated replacement cost	Cost per unit is considered for key items of plant and equipment. Other general plant and equipment is considered reflective of DRC value as asset remaining lives primarily are in the range three to seven years. Useful life of the majority of plant and equipment is 3–15 years and some assets have lives up to 40 years.

(i) CSO adjustments ranging from 20 per cent to 30 per cent were applied to reduce the best use fair value market approach for MFB's specialised land.

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

Significant unobservable inputs have remained unchanged since June 2017.

Investment property measured at fair value and their categorisation in the fair value hierarchy

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
(\$ thousand)				
2018				
Investment property	37,132	-	37,132	-
2017				
Investment property	46,925	-	46,925	-

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2018.

For investment property measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of MFB's investment property at 30 June 2018 has been arrived at on the basis of a management revaluation utilising the independent valuations determined as at 30 June 2016 and applying the published Victorian Valuer-General's market indices which represent the movement in land and building valuations since 30 June 2016 to reflect fair value as at 30 June 2018.

8. Other disclosures

Introduction

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

Structure

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8.1 Subsequent events

There were no subsequent events at the date of signing of these accounts.

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8.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it 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.

	(\$ thousand)	
	2018	2017
Net gain/(loss) on non-financial assets		
Impairment of property plant and equipment (including intangible assets)	-	(779)
Amortisation of non-produced intangible assets ⁽ⁱ⁾	(867)	(861)
Revaluation of investment property	3,863	3,600
Net gain/(loss) on disposal of property plant and equipment (including intangible assets)	(2,869)	(69)
Total net gain/(loss) on non-financial assets	127	1,891
Net gain/(loss) on financial instruments		
Impairment of:		
Loans and receivables ⁽ⁱⁱ⁾	(1)	(187)
Net gain/(loss) arising from revaluation of financial assets at fair value – market risk	4,673	4,756
Total net gain/(loss) on financial instruments	4,672	4,569
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of leave liabilities	2,307	2,007
Total other gain/(loss) from other economic flows	2,307	2,007

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

(ii) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows.

8.3 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.

8.3.1 Names of Responsible Persons

The persons who held the positions of Accountable Officers in MFB, including the portfolio Minister and Board members are as follows:

Minister for Emergency Services	The Hon. James Merlino MP	1 July 2017 to 30 June 2018
Acting Minister for Emergency Services	The Hon. Gayle Tierney MP	23 September 2017 to 8 October 2017
	The Hon. Gayle Tierney MP	31 March 2018 to 8 April 2018
Board member	A Diamond President	1 July 2017 to 18 January 2018
Board member	J Doak President	20 February 2018 to 30 June 2018
Board member	J Doak Deputy President	10 October 2017 to 19 February 2018
Board member	J Doak	1 July 2017 to 9 October 2017
Board member	S F Alford	1 July 2017 to 30 June 2018
Board member	K Hall	1 July 2017 to 30 June 2018
Board member	F Chamberlain	1 July 2017 to 30 June 2018
Board member	D Purchase OAM	1 July 2017 to 10 July 2017
Board member	G Sword	14 March 2018 to 30 June 2018
Board member	P Duncan	10 January 2018 to 30 June 2018
Board member	G Fittipaldi	28 November 2017 to 30 June 2018
Chief Officer/Chief Executive Officer	D Stephens	28 May 2018 to 30 June 2018
Interim Chief Executive Officer	G Leach	24 April 2018 to 27 May 2018
Interim Chief Executive Officer	Dr Alex Cockram	29 January 2018 to 23 April 2018
Acting Chief Executive Officer	R Eddington	8 July 2017 to 28 January 2018
Chief Executive Officer	J Higgins ASM	1 July 2017 to 7 July 2017

Financial report (continued)

8.3.2 Remuneration – Responsible Persons

	No. of Responsible Persons:	
	2018	2017
Remuneration band:		
\$0-\$9,999	3	3
\$10,000-\$19,999	2	2
\$20,000-\$29,999	2	3
\$30,000-\$39,999	2	-
\$40,000-\$49,999	1	-
\$50,000-\$59,999	1	1
\$110,000-\$119,999	1	-
\$220,000-\$229,999	1	-
\$410,000-\$419,999	-	1
\$640,000-\$649,999	1	-
Total	14	10
Total remuneration of Responsible Persons (\$ thousands)⁽ⁱ⁾	1,217	585

(i) Remuneration includes any termination benefits upon resignation or retirement.

8.4 Remuneration of Executives

The number of Executive Officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents 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 entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

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

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

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

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

Several factors affected total remuneration payable to Executives over the year. A number of employment contracts were completed and renegotiated and a number of Executives received bonus payments.

These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

A number of Executive Officers retired, resigned or were retrenched in the past year. This has had an impact on remuneration figures for the termination benefits category.

	(\$ thousand)	
	Total remuneration	
	2018	2017
Remuneration		
Short-term employee benefits	5,990	6,548
Post-employment benefits	553	600
Other long-term benefits (including long service leave)	95	161
Termination benefits	784	1,410
Total remuneration	7,422	8,719
Total number of Executives	34	41
Total annualised employee equivalents⁽ⁱ⁾	27.3	32.5

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

8.5 Related parties

MFB is a statutory authority and is recognised for the purposes of financial reporting, as wholly owned and controlled entity of the State of Victoria. Related parties of MFB include:

- MFB Board members, the Chief Officer/Chief Executive Officer and their close family members
- the Minister for Emergency Services and his close family members
- all 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.

Key management personnel of MFB include the Portfolio Minister – the Minister for Emergency Services, MFB Board members, the Chief Officer/Chief Executive Officer. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	(\$ thousand)	
	2018	2017
Compensation		
Short-term employee benefits	900	889
Post-employment benefits	68	58
Other long-term benefits	-	17
Termination benefits	526	542
Total	1,494	1,506

Transactions 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; for example, 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* 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 Procurement Board requirements. Outside of normal citizen type transactions with MFB, and based upon management review, there were no related party transactions that involved key management personnel and their close family members. Several MFB board members during the reporting period were board or committee members to State Government entities and transactions with those entities were at 'arms length' and are reported in Note 8.5.1. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Financial report (continued)

8.5.1 Significant transactions with government-related entities

The main source of funding is from State Government grants that are allocated to the Department of Justice and Regulation for distribution to MFB on a quarterly basis. Grant funding received in the reporting period 2017–18 was \$381.3 million (2016–17: \$362.4 million).

MFB regularly transacts with other emergency services. Significant interactions with other State Government entities include the following:

- recruit training activity jointly provided with the Country Fire Authority (CFA) provided at the Victorian Emergency Management Training Centre, as well as ICT support and operational support activity. In the current reporting period, services invoiced to CFA total \$5.3 million (2016–17: \$4.2 million)
- ESTA in respect to call taking and dispatch and related activity with expenditure incurred of \$12.0 million (2016–17: \$9.3 million)
- expenditure of \$9.1 million (2016–17: \$9.0 million) incurred with the Department of Justice and Regulation in respect of Emergency Management Victoria (EMV) and the department's governance and support services provided to MFB
- insurance premiums paid to Victorian Managed Insurance Authority of \$1.0 million in 2017–18 (2016–17: \$1.0 million)
- water usage concessional charges with Yarra Valley Water for training purposes; the expense is immaterial. Similarly, MFB incurs utilities service charges from other state utility entities that are not material.
- term deposit investments with Treasury Corporation Victoria with interest earnings of \$0.6 million in 2017–18 (2016–17: \$0.8 million)
- managed investments with Victorian Funds Management Corporation for which management fees are included in the unit pricing; these fees are not significant.

Other transactions regularly occur with State Government entities under normal business conditions but they are not significant in comparative value; these transactions include fire suppression services and maintenance service charges and charges by MFB for false alarm call-outs that meet certain criteria.

8.6 Remuneration of auditors

	(\$ thousand)	
	2018	2017
Victorian Auditor-General's Office⁽ⁱ⁾		
Audit or review of the financial statements	133	114
Total remuneration of auditors	133	114

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

8.7 Investment property

The following non-financial physical assets exist at the reporting date; these assets are non-core assets in respect to emergency service provision:

	(\$ thousand)	
	2018	2017
Freehold land ⁽ⁱ⁾	35,926	46,100
Freehold buildings ⁽ⁱ⁾	1,206	825
Total	37,132	46,925

(i) MFB holds freehold land that is no longer strategic nor core to MFB operations, these land parcels consist of vacant land and land with un-utilised premises. There is no active marketing land to sell these parcels of land presently, and as such, they are determined as investment property that will eventually be sold in line with accordance with our budget planning process in coming years.

Measurement of investment property: Non-financial physical assets deemed as investment property are valued annually on the basis of fair value considering the asset's highest and best use.

8.8 Reserves

	(\$ thousand)	
	2018	2017
Physical assets revaluation surplus⁽ⁱ⁾		
Balance at beginning of financial year	423,120	387,227
Revaluation increments	-	35,893
Balance at end of financial year	423,120	423,120

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

8.9 Ex gratia expenses⁽ⁱ⁾

	(\$ thousand)	
	2018	2017
Forgiveness or waiver of debt ⁽ⁱⁱ⁾	3	-
Compensation for economic loss ⁽ⁱⁱⁱ⁾	95	48
Total ex gratia expenses	98	48

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

(ii) Forgiveness of receivables basis hardship applications as considered by MFB.

(iii) Compensation for economic loss are payments to individuals for claims of loss incurred relative to a dispute regarding employment. These payments are reflected in salaries and wages expenses – refer to Note 3.1.1.

Financial report (continued)

8.10 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the stated operative dates:

Certain new Australian Accounting Standards (AAs) have been published that are not mandatory for the 30 June 2018 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises MFB of their applicability and early adoption where applicable.

Standard Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.

Standard Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends as follows:</p> <ul style="list-style-type: none"> • Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. • Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> i) the entity's right to receive payment of the dividend is established; ii) it is probable that the economic benefits associated with the dividend will flow to the entity; and iii) the amount can be measured reliably. 	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 <i>Amendments to Australian Accounting Standards-Effective Date of AASB 15</i>	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards-Clarifications to AASB 15</i>	<p>This standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • 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). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards-Deferral of AASB 15 for Not-for-Profit Entities</i>	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.

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

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

Financial report (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 refers 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 are acquired for policy purposes.

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

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

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

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

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from 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 means the voluntary payment of money or other non-monetary benefit (for example, a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset is any asset that is:

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

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

Financial liability is any liability that is:

(a) a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements comprises:

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

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.

Investment property is property held to earn rentals or for capital appreciation or both. Investment property excludes property held to meet service delivery objectives of the State of Victoria.

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

Financial report (continued)

8.11 Glossary of technical terms (continued)

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

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

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

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

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

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

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-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 includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

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

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

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

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

Taxation income represents income received from the state's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing
- insurance duty relating to compulsory third party, life and non-life policies
- insurance company contributions to fire brigades
- motor vehicle taxes, including registration fees and duty on registrations and transfers
- levies (including the environmental levy) on statutory corporations in other sectors of government
- other taxes, including landfill levies, and licence and concession fees.

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 (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

8.12 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)	negative numbers
200x	year period
200x 0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2017–18 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of MFB's Annual Reports.

Financial report (continued)


Declaration

The attached financial statements for the Metropolitan Fire and Emergency Services Board (MFB) 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.

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

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

We authorise the attached financial statements for issue on 20 August 2018.



Jasmine Doak
President
Melbourne
20 August 2018



Dan Stephens
**Chief Officer/
Chief Executive Officer**
Melbourne
20 August 2018



Glenn Ockerby
**Acting Executive Director,
Corporate Services**
Melbourne
20 August 2018

Independent Auditor's Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Metropolitan Fire and Emergency Services Board

Opinion	<p>I have audited the financial report of the Metropolitan Fire and Emergency Services Board (the authority) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2018• comprehensive operating statement for the year then ended• cash flow statement for the year then ended• statement of changes in equity for the year then ended• notes to the financial statements, including significant accounting policies• declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent Auditor's Report (continued)

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

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

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

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

MELBOURNE
24 August 2018


Travis Derricott
as delegate for the Auditor-General of Victoria

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