

Annual Report 2018 – 2019





MFB responds to around
38,000 calls a year

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Vision and strategic themes

The Metropolitan Fire and Emergency Services Board (MFB) is a contemporary fire and rescue service which has proudly served the Victorian community for 128 years.

We aspire to provide an exemplary 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 2018–2019 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:



Responsiveness



Integrity



Impartiality



Accountability



Respect



Leadership



Human rights

Letter to the Minister

The Hon. Lisa Neville MP
Minister for Police and Emergency Services
Level 17, 8 Nicholson Street
East Melbourne 3002

Dear Minister,

In accordance with the *Financial Management Act 1994* (Vic.), I am pleased to present the Metropolitan Fire and Emergency Services Board's Annual Report for the year ending 30 June 2019.

A handwritten signature in blue ink that reads "Jasmine Doak." The signature is written in a cursive style with a large initial 'J'.

Jasmine Doak
President
Metropolitan Fire and Emergency Services Board

4 September 2019

President's foreword



It has been a busy, eventful year at MFB and I am grateful to all of our employees for their dedicated work over the last year, and for making our community safer in so many different ways. Not only do we provide incident response we also advocate for important safety measures and initiatives, provide leadership in recycling and waste management and cladding-focused work, educate and support, drive reform, and provide training and technical expertise.

I am proud that as an organisation we remain deeply connected to our key vision to provide an exemplary fire and rescue service for Melbourne and Victorians, with a key focus on continuous improvement and community service.

In March 2019 Victoria's emergency management services came together to celebrate the vital role of women as part of the International Women's Day celebrations. Throughout the day, the community interacted with the people who help keep them safe and learned more about the diverse roles and skills required to work in emergency services. It was fantastic to see so many organisations come together to recognise the vital role women play and I felt privileged to be part of an agency that is so trusted by the community. MFB is all the better for the invaluable contribution of our female operational staff who, together with their male colleagues, dedicate their lives to protecting the Victorian community. I recognise there is still work to be done to ensure MFB is truly reflective of the community we serve, and as an organisation we have embarked on our journey.

At MFB, the safety of our people continues to be our highest priority. MFB has a proud 128-year history, and everything we have learned has made us one of the safest fire and rescue services in the country. Throughout the year we have continued to invest in resources, infrastructure, research, and health and wellbeing programs that enhance our operational efficiency and increase the safety of our people. We have continued to build on our people-centred approach to mental health and wellbeing with the roll-out of a two-year pilot program which provides proactive mental health and resiliency education to all of our employees. We are justifiably proud of being the first fire and rescue service in Australia to make Road to Mental Health Readiness, and Mental Health First Aid training available to all employees.

At MFB, the safety of our people continues to be our highest priority. MFB has a proud 128 year history, and everything we have learned has made us one of the safest fire and rescue services in the country.

In June 2019, a key milestone was reached when the *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* received Royal Assent from the Governor of Victoria. This new organisation will bring all existing MFB employees and CFA career firefighters together, into a single entity operating throughout greater Melbourne and in regional centres.

Importantly, the legislation also delivers crucial presumptive rights reforms for our firefighters who give of their best to support the Victorian community and it's only right that they are supported. Once implemented, firefighters claiming compensation for specified cancer types will no longer have to prove that firefighting is the cause of their cancer. Instead, it will be presumed that their cancer was caused by their firefighting and that they have an entitlement to compensation under the WorkCover scheme.

Fire Rescue Victoria (FRV) presents us with a golden opportunity to enrich the exceptional service we deliver to our community, and I am enthusiastic for the year ahead as we transition to the new organisation. We will continue to work with government, our Country Fire Authority colleagues and our unions, to establish FRV.

The MFB Board has welcomed a new Board member this year and I am grateful for Frances Diver joining me and my fellow Board members Kylie Hall, Fiona Chamberlain, Gennaro Fittipaldi, Peita Duncan, and Greg Sword. I feel immensely privileged to lead such a knowledgeable and dedicated Board, whose counsel and expertise is so highly regarded.

Finally, I wish to acknowledge MFB's former Chief Officer Dan Stephens who served MFB from May 2018 to July 2019. Dan demonstrated great leadership, strong direction and service to MFB and the people of Victoria, and provided stability and focus to the organisation during a crucial period that has prepared MFB for our transition to FRV. Deputy Chief Officer Greg Leach has been appointed as Acting Chief Executive Officer / Chief Officer and I extend my thanks on behalf of the Board to Greg for continuing to show great commitment and leadership for MFB.

This is an exciting time for fire and rescue services as we enter a new era and as always, I am immensely proud to lead MFB. I thank all MFB staff for their continuing service and unwavering commitment to the Victorian community.



Jasmine Doak
President

Acting Chief Executive Officer / Chief Officer's report

The last year has been dominated by important reforms to the fire services, and the development of Fire Rescue Victoria (FRV) in 2020 will ensure that we continue to deliver an exemplary fire and rescue service to the Victorian community for the future. I'd firstly like to acknowledge each and every one of MFB's employees for their commitment and dedication to our shared vision of a safer and more resilient Victoria.

This year MFB has marked a number of important historical milestones and responded to several major and complex emergency incidents. We have been at the forefront of fire safety advocacy that will create lasting change, and we have continued to promote enhanced safety outcomes for both our firefighters and the community we serve while we prepare for major change within our sector.

In September 2018 we marked 20 years of MFB firefighters delivering Emergency Medical Response alongside our partners from Ambulance Victoria. The past two decades of remarkable life-saving work from our employees has meant that hundreds, and maybe even thousands, of people have returned home safely after a medical emergency. MFB firefighters have attended almost 4,000 medical emergencies this financial year alone, and this program continues to go from strength to strength.

This year we celebrated 35 years since the first women in Operational Communications joined MFB, and 30 years of women as firefighters. While firefighting has traditionally been a male-dominated industry, these trailblazers took those first steps into the unknown and inspired countless women to consider firefighting as an appealing career in the process.

During our recruitment drive in February 2019, more than 900 women submitted an application to become a firefighter with MFB and CFA, which is almost triple the amount who applied in the previous year. This year we have further refined our focus and worked to enhance a respectful and inclusive culture that supports and nurtures our people.

February 2019 marked a decade since the 2009 Victorian bushfires, and MFB acknowledged and remembered those who lost their lives and homes, and the countless communities who were affected. The solemn anniversary was also a chance to honour the contribution of the many firefighters, emergency responders, volunteers and community members who worked tirelessly throughout the most challenging circumstances and assisted in the ongoing relief and recovery effort. These bushfires were one of the most significant natural disasters Victorians have ever faced, and this incident changed our approach to emergency management, and as a result, we live in a more resilient Victoria today. As a direct result of the tragedy which claimed 173 lives, vital lessons were learnt. We have seen an increase in interoperability, cooperation, and planning by emergency services, government, businesses, communities and individuals, and from the ashes we have grown together and directly built safer and more resilient communities as a legacy.

We provide a modern fire and rescue service for the community, and these days we rescue far more people from non-fire incidents than we do fires. The nature of the job has changed over the years, but what hasn't changed is the commitment and dedication that our firefighters have to the provision of community service. This year MFB responded to a total of 37,827 incidents and continued to achieve commendable response time results which reiterate that the community can rely on us to help them in their time of need.



We have supported our community by attending more than 500 fires and explosion incidents on average each month, around 250 incidents involving hazardous materials, and almost 350 emergency medical response calls.

Time and time again this year we have risen to challenges associated with recycling and waste management and combustible cladding and building materials, which has resulted in increased fire risk near urban centres. The technical capability of our specialist road rescue, hazmat, swift water, urban search and technical rope rescue firefighters is highly regarded, and has been required regularly across Melbourne and Victoria this year. In addition, our intelligence gathering, impact assessment specialists, Scientific Officers and specialist asset protection strike teams have been called on to support the state's emergency response and recovery at protracted incidents throughout the year, such as the bushfires which took hold of the Bunyip State Forest in March 2019.

We've continued our important work to increase safety on the frontline, by providing a minimum of four firefighters on 18 additional primary response appliances and have raised the minimum crewing level across the organisation from 284 to 302 firefighters.

I'm proud to say that MFB was the first fire and rescue service in the world to establish safe limits for per- and poly-fluoroalkyl substances (known as PFAS), as well as successful and measureable decontamination programs for appliances and fire fighting equipment. This year we have continued this important work with the beginning of a world-first clinical pilot study into PFAS, which will provide vital intelligence on reducing its impact, and help to inform future decision making.

As we move forward to Fire Rescue Victoria, we all have a role to play in making this new organisation the best it can possibly be for the community. I'm looking forward to working together with MFB people and our various partners across emergency services and the government towards this shared goal. FRV will enable Victoria's fire and rescue services to continue to meet the needs of our rapidly changing state – now and into the future – and I am confident we have the capability, commitment, and desire to deliver an excellent fire and rescue service through FRV for the benefit of the community we serve.

My appointment as Acting Chief Executive Officer / Chief Officer for MFB therefore comes at this time of great opportunity as we begin our transition to Fire Rescue Victoria. I would like to assure you of the continuing strength and capability of all of MFB's people, from recruits right through to senior leaders. The community should be in absolutely no doubt that when they need us we will be there, doing what we do best – delivering an exceptional fire and rescue service to the Victorian community.

Greg Leach

Acting Chief Executive Officer / Chief Officer

MFB Plan

The needs of the Victorian community are rapidly changing. Throughout 2018–19 MFB firefighters responded to a number of complex incidents that highlighted the need for a shift in the way fire and rescue services are provided to the community.

From fires at waste stockpiling sites, high-rise buildings clad in combustible material, to hostile act incidents and complex rescues, MFB continues to operate in an elevated risk environment.

Throughout the year our focus remained on the five key strategic initiatives and performance measures in the MFB Plan 2018–19.

During 2018–19, MFB undertook a risk assessment of the threats and hazards facing Victoria, and assessed how this environment was likely to develop over the next decade. This new approach has the community clearly at its heart, and highlights the diversity of the roles firefighters perform in their service to all Victorians.

MFB has made improvements to the way risks are identified, and how we continually adapt our response model to cater for changes to demographics, the built environment and the changing nature of the environment in which we operate.

Specifically, MFB has:

Improved our response model to ensure that the services we provide continue to keep our community safe and maintain public safety

Ensured that our firefighters are appropriately trained and supported to mitigate risks in the community

Enhanced our technical operations service delivery model by reviewing the current fleet of heavy rescue appliances

Collaborated with Victoria Police and other emergency partner agencies on interoperable responses to hostile acts.

Purpose and functions

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

The core purpose of MFB is to deliver fire and rescue services to the Metropolitan District and wider Victorian community through MFB's Operational Preparedness, State Capability, Community Resilience and Operational Response functions. MFB will ensure its capacity and capabilities are exemplary and reflect the needs of the Victorian community.

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 history of serving the Victorian community. Our 2,388 employees help safeguard almost 3.5 million Melbourne residents, workers and visitors along with assets and infrastructure worth billions of dollars.

Our service covers an area of more than 1,000 square kilometres and our significant resources can be called on to support emergency management anywhere in Victoria. In addition, our specialist operational employees are deployed to major incidents both interstate and overseas.

As a modern fire and rescue service, MFB does so much more than just fight 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

Community Resilience

We strive to eliminate or reduce the incidence and severity of emergencies by working with the community, industry and other key stakeholders to ensure those occupying Melbourne's built and dangerous goods environment are protected, to keep both the community and firefighters safe. 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.

Operational Preparedness

Operational Preparedness ensures we are ready to respond in a timely, coordinated and appropriate manner to minimise the effects of fire and emergency events across the Metropolitan District and greater Victoria. We do this by providing excellent equipment and training, developing emergency management plans in collaboration with the community and our stakeholders, and by recruiting people who reflect the community.

Operational Response

MFB draws on a diverse and highly skilled capability to respond to approximately 38,000 calls each year including fires, hazardous incidents, automatic fire alarms, road crashes, medical emergencies, technical and urban search and rescue and marine incidents. MFB strives to continually improve and evolve our Operational Response model to meet the changing needs of the community.

State Capability

MFB supports communities across Victoria through our technical response capability, our equipment and resources and our infrastructure. MFB delivers this capability to the community in conjunction with our emergency management partner agencies and government to reduce the impact and consequences of fire and other emergencies on Victorian communities.

MFB's operational functional areas are supported by the People and Culture, Corporate Services, and Governance directorates.

People and Culture

MFB is committed to being an employer of choice for our workforce. Our people are fundamental to achieving operational excellence and in delivering a contemporary fire and rescue service. Our efforts are guided by legislative and compliance requirements, as well as three core priorities to manage risk and optimise human performance: People; Health, Safety and Wellbeing; and Culture.

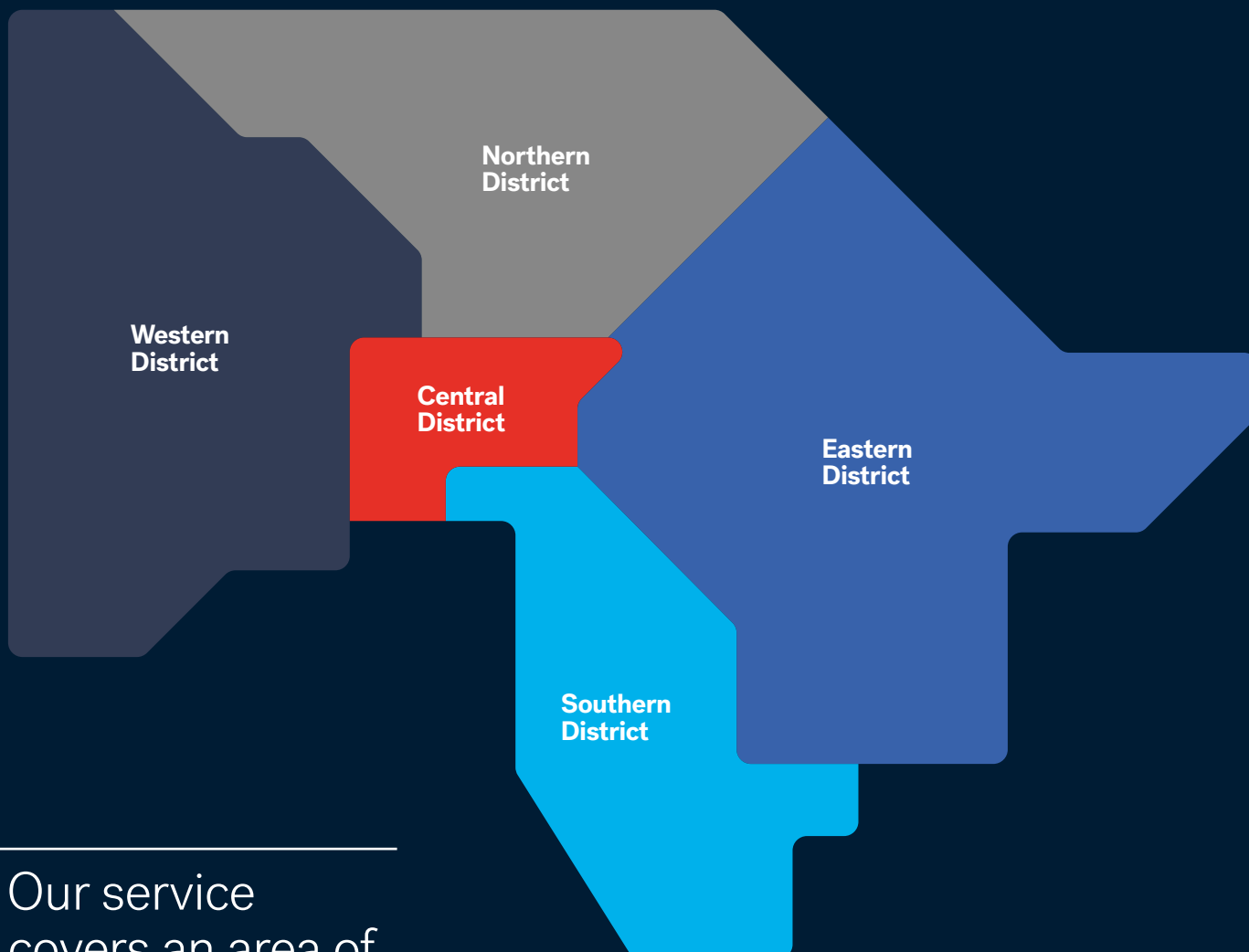
Corporate Services

The Corporate Services directorate provides planning and support in the areas of finance, strategic planning, performance reporting, research, information technology and records management and enables the organisation to deliver on organisational objectives. In addition, the directorate also provides oversight of MFB's commercial arm, Fire and Equipment Services (FES).

Governance

The Governance directorate plays a key role in the development of the MFB Plan, balancing the interests of MFB's stakeholders, including the community, our workforce, government and other emergency services. It provides legal and business assurance services to support MFB to meet its strategic objectives and compliance obligations.

MFB region and district structure



Our service covers an area of more than 1,000 square kilometres.

Where we work

MFB delivers most of its services in the Metropolitan District and operates 47 stations across 27 local government areas across MFB's five districts. Our structural arrangements are aligned to State Government regional boundaries 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 Energy Safe Victoria, WorkSafe Victoria, Environment Protection Authority Victoria, and 27 local councils to strengthen their emergency planning and preparation.

As a modern fire and rescue service, MFB does so much more than just fight fires.



Our Minister

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

The Board

Jasmine Doak

Board President

Appointed to the Board on 6 June 2017 and appointed President on 20 February 2018. Jasmine Doak is an experienced lawyer, and an industrial relations and human resources professional who is a graduate of the Australian Institute of Company Directors. Currently Jasmine is the Vice President Human Resources at Orica Limited. Jasmine is also a board member of the Victorian Managed Insurance Authority (VMIA).

Kylie Hall

Board Member

Appointed to the Board on 15 November 2016, Kylie Hall is a Special Counsel at Holding Redlich Lawyers and practises in commercial litigation. Currently, Kylie is the Solicitor Assisting the Royal Commission 'into the management of police informants'. She has worked in numerous high-profile disputes. Kylie is a former member of the Healthy Communities Australia Advisory Committee and the Shirley Robertson's Children's Centre Committee of Management, where she acted as Vice-President and Secretary.

Fiona Chamberlain

Board Member

Appointed to the Board on 27 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. Fiona holds masters degrees in International Management and Organisational Leadership and is a member of the Australian Institute of Company Directors.

Gennaro Fittipaldi

Board Member

Appointed to the Board on 28 November 2017, Gennaro Fittipaldi has extensive experience in WorkCover and personal injury litigation. He has represented WorkSafe Victoria, its authorised insurers and employers for over 10 years. Gennaro has defended all aspects of WorkCover and personal injury claims both in Melbourne and regional Victoria. He became a Principal in Holdstock Fittipaldi Law in 2015.

Peita Duncan

Board Member

Appointed to the Board on 10 January 2018, Peita Duncan has worked for a number of law firms in business development and management roles, and is currently a director of Volenti Consulting Pty Ltd, which provides human resources, business development, business operations and recruitment support to professional services clients. Peita works for The Civic Group in the role of Business Development Director and is also a Non-Executive Deputy Chair of Greyhound Racing Victoria.

Greg Sword

Board Member

Appointed to the Board on 14 March 2018, Greg Sword is a graduate of the Australian Institute of Company Directors and his professional experience includes roles as National Secretary of the National Union of Workers, Chairman of St Vincent's Melbourne Public Hospital and Director of St Vincent's Health Australia. Greg has also served as National President of the Australian Labor Party (ALP) and Senior Vice-President of the Australian Council of Trade Unions (ACTU). Greg was awarded an Order of Australia for his contribution to the Trade Union Movement and to society in general.

Frances Diver

Board Member

Appointed to the Board on 1 October 2018, Frances Diver has worked in a variety of roles in the health industry for more than 30 years and was previously Deputy Secretary in the Victorian Department of Health and Human Services. Frances is currently the Chief Executive Officer, Barwon Health and prior to her current role, was a Deputy Secretary at the Department of Premier and Cabinet. Frances was also the Chief Executive Officer of the Victorian Country Fire Authority from June 2016 to February 2018, and is a graduate of the Australian Institute of Company Directors.

The Executive Leadership team

Dan Stephens QFSM

Chief Officer/Chief Executive Officer

Dan Stephens joined MFB in May 2018 from Merseyside Fire and Rescue Service in the United Kingdom (UK) where he was the Chair of the National Fire Chiefs Council (NFCC) Operations Coordination Committee, the strategic lead officer for National Resilience and capability lead officer for Urban Search and Rescue (USAR) and the UK International Search and Rescue team (UK ISAR).

Dan was awarded the Queen's Fire Service Medal (QFSM) in the Queen's New Year's Honours List 2015 for service to the fire and rescue service. Dan Stephens joined MFB on 28 May 2018 and tendered his resignation as Chief Officer/Chief Executive Officer on 12 July 2019.

Greg Leach

Acting Chief Executive Officer / Chief Officer

Greg Leach commenced in the role of MFB Acting Chief Executive Officer / Chief Officer on 23 June 2019. Prior to this, Greg served as the Deputy Chief Officer and Executive Director, State Capability.

Greg has been with MFB for more than four years and has previously worked for the Country Fire Authority (CFA), and eight years with Ambulance Victoria, where he held senior executive positions, including Regional Manager, Grampians Region. He is a graduate of the Australian Institute of Company Directors and is a member of the Institute of Fire Engineers.

David Bruce AFSM

Deputy Chief Officer | Operational Response

David Bruce is Deputy Chief Officer and the Executive Director Operational Response at MFB. David joined MFB in July 1985 and in late 2009, he was promoted to the rank of Assistant Chief Fire Officer and was involved in setting MFB's strategic direction, as well as providing a senior operational role in emergency management.

David was promoted to Deputy Chief Officer in 2014 and has held the roles of Regional Director North West Metro Region and Regional Director South East Metro Region. David is a member of the Australian Institute of Company Directors, and was awarded an Australian Fire Service Medal (AFSM) as part of the 2019 Queen's Birthday Honours for his contribution and commitment to the field of urban firefighting and the welfare and wellbeing of fellow firefighters.

Ken Brown AFSM

Acting Deputy Chief Officer | Operational Preparedness

Ken Brown is currently the Acting Deputy Chief Officer and Acting Executive Director Operational Preparedness. Ken's substantive position is Assistant Chief Fire Officer (ACFO) of MFB's Technical Operations Department.

Ken has been awarded the Australian Fire Service Medal (AFSM), as well as Chief Officer Commendation for his exemplary response to fires in Middle Park and Yarraville. Ken holds a Graduate Certificate in Applied Management, an Advanced Diploma of Public Safety (Firefighting Management) and a Diploma in Project Management.

Adam Dalrymple AFSM

Acting Deputy Chief Officer | Community Resilience

Adam Dalrymple is the current Acting Deputy Chief Officer and Acting Executive Director of Community Resilience. He has worked for MFB for 34 years. Adam is the National President and Fellow of the Institute of Fire Engineers (IFE), an affiliate of the Australian Institute of Company Directors and a current member of the AFAC Built Environment Group.

Adam holds a Master of Management through the Charles Sturt University and a Graduate Certificate in Management from Charles Sturt University Australian Institute of Police Management, Manly NSW. Adam has been awarded an Australian Fire Service Medal (AFSM), a National Emergency Medal, a National Medal and an MFB Long and Good Service Medal.

Elizabeth Holley

Executive Director | People and Culture

Elizabeth Holley is MFB's Executive Director, People and Culture. Elizabeth has extensive experience in human resources, culture and holds a postgraduate Bachelor in Education and a Master in Public Administration, and was appointed to MFB in February 2017.

Elizabeth served as the Acting Executive Director People and Culture at the Department of Primary Industries, where she also held a leadership role in Organisational Capability and was a Board member of the Victorian Government Shared Services Governance Board from 2010 to 2012. Immediately before commencing with MFB, Elizabeth was the Director People and Culture for one of Victoria's largest community services providers for families and children, Anglicare Victoria, for almost five years.

Kirstie Schroder

Acting Executive Director | Governance

Kirstie Schroder is the Acting Executive Director Governance, responsible for supporting the MFB Board, Legal Services, Business Assurance and Procurement departments.

Kirstie has been employed with MFB for more than 30 years and was the first woman appointed to an executive role in 1994. Her experience spans senior roles in People and Culture, Operational Training, the Office of the Chief Executive Officer and Governance. Kirstie led the successful transition of Operational Training from the Burnley Training Complex to the state-of-the-art training facility commissioned and built by MFB at Craigieburn in 2014.

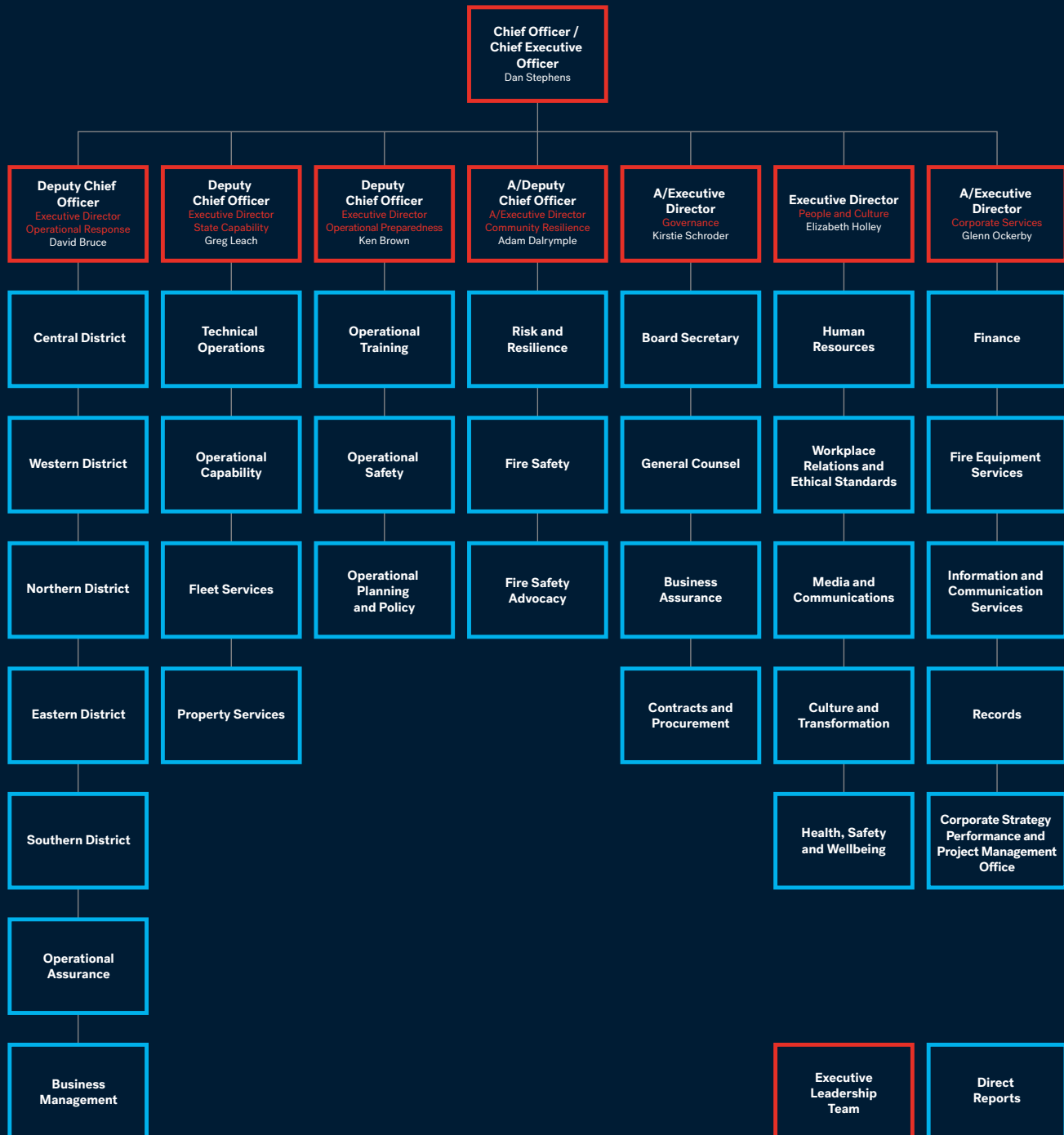
Glenn Ockerby

Acting Executive Director | Corporate Services

Glenn Ockerby joined MFB in February 2015 as the Director Corporate Strategy and Performance, and is currently the Acting Executive Director Corporate Services and Chief Financial Officer. Prior to joining MFB Glenn was the Interim Chief Executive Officer at the Risk Management Institute of Australasia, and prior to that he was the Executive Director Corporate Strategy and Performance Management at WorkSafe Victoria.

Glenn spent seven years from 1999 in professional services roles that included Director Performance Management at KPMG Australia, and Associate Director CFO Solutions KPMG Consulting Australia. Glenn holds a Bachelor of Business in Accountancy, a Master of Business Administration and is a Certified Practising Accountant.

Organisational structure



A/ denotes Acting Role

Our performance

Our service delivery

Major outputs, deliverables, targets




Major outputs/deliverables Performance measures	Unit of measure	2018-19 State target	2018-19 MFB target	2018-19 MFB actual	Result	Notes
Quantity						
Permanent operational staff	number	3,420	1,969	1,997	✓	(3)
Permanent support staff	number	1,473	343	350	✓	(3)
Quality						
Road crash rescue accredited brigades/units	number	131	5	5	✓	
Level 3 Incident Controller trained staff and volunteers	number	96	12	6	□	(1)
All structural fires contained to room or object of origin	per cent	80	90	85	□	(2)
Multi-agency joint procurements of systems or equipments	number	3	0	0	✓	
Timeliness						
Emergency response times meeting benchmarks (All Structural Fires) – Budget Paper 3	per cent	90	90	90	✓	(2)
Emergency response times meeting benchmarks (Road Accident Rescues) – Budget Paper 3	per cent	90	90	81	□	(2)
Emergency response times meeting benchmarks (Emergency Medical Response) – Budget Paper 3	per cent	90	90	96	✓	(2)

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

(1) The number of Level 3 Incident Controllers increased on the previous financial year due to an original applicant providing more evidence. MFB is working through the consultation process to develop an accreditation process.

(2) ESTA Industrial Action impacting data quality.

(3) Numbers differ from employee numbers reported in the Workforce data table on page 52 of this report due to business rules of inclusion/exclusion and extraction date of data as at the last day of the reporting quarter.

 Performance target achieved or exceeded
  Performance target not achieved – within 5 per cent variance
  Performance target not achieved – exceeds 5 per cent variance

Please note that from 6 March through to 21 May 2019, ESTA operators through 'Protected Industrial Action' have introduced the remainder of their work bans, 52 in total.

Behaviours impacting data quality observed by MFB Operational Communications Department include:

- ESTA operators changing the original call sources (exchange, radio etc.) to an invalid call source determined by themselves.
- After the receipt and subsequent despatch of appliances to calls, ESTA operators will change the event type to a generic '624' which is a generic incident type. To date operators are taking this action for approximately 70 per cent of calls.
- ESTA operators are not recording appliances on scene at the call approximately 80 per cent of the time. This impacts measurement of response time performance.
- ESTA operators continue to put incorrect false alarm codes on calls.

MFB is not able to confirm the quality of this data; that it is correct, accurate, complete and timely.

Our performance (continued)

Our service delivery (continued)

Performance against output measures (Business Plan)

Performance Measures	Units of measure	2018-19 Target	2018-19 Outcome	Result	Notes
KPI 1 – Psychological wellbeing – Road to Mental Readiness and Mental Health First Aid – 100 per cent of staff trained over two-year period (FYT 498)	number	498	713	✓	
KPI 2 – Corrective actions indicates the average timeframe (days) for corrective actions to be implemented with a focus on sustainable controls	number	30	21.1	□	(1)
KPI 3 – Sustainable Return to Work (RTW) of firefighters - % of claims with no failed RTW (12 months rolling)	per cent	75	73	○	
KPI 4 – Early RTW – average timeframe (days) for first RTW for firefighters	number	20	31	□	(2)
KPI 5 – Lost Time Incident Frequency Rate (LTIFR) per 1000 FTE	number	110	80.1	✓	
KPI 6 – Number of stations/worksites visited against those scheduled	per cent	85	71	□	(3)
KPI 7 – Complete core firefighting skills maintenance	per cent	95	97.5	✓	
KPI 8 – Percentage of female firefighter recruits	per cent	15	9.6	□	(4)
KPI 9 – Timely completion of corporate performance appraisals and development plans YTD	per cent	90	58	□	(5)
KPI 10 – Workforce availability	per cent	95	92	○	(6)
KPI 11 – * Level 3 Incident Controller trained staff	number	12	6	□	(7)
KPI 12 – * Road rescue units	number	5	5	✓	
KPI 13 – State emergency management arrangement requests fulfilled	per cent	90	100	✓	
KPI 14 – * Structure Fires (SF) response times within benchmark (7.7 minutes) YTD	per cent	90	90.3	✓	(12)
KPI 15 – * Road Rescue (RR) response times within benchmark (13.5 minutes) YTD	per cent	90	81.0	□	(8) & (12)
KPI 16 – * Emergency Medical Response (EMR) times within benchmark (9.2 minutes) YTD	per cent	90	95.5	✓	(12)
KPI 17 – * Permanent operational staff FTE	number	1969	1997	✓	(13)
KPI 18 – * Permanent non-operational staff FTE	number	343	349.5	✓	(13)
KPI 19 – Non-operational worker FTE (incl. fixed term and agency)	number	385.4	392.0	✓	(13)
KPI 20 – Strategic actions health	per cent	100	91	□	(9)
KPI 21 – Achieve net operating result budget (millions)	number	\$4.3M	\$34.3M	□	
KPI 22 – Achieve capital program budget (net of savings)	per cent	100	69	□	(10)
KPI 23 – Total operational fleet availability	per cent	85	79.3	□	(11)
KPI 24 – Accidental fire-related fatalities YTD	number	5	2	✓	
KPI 25 – * Improve containment of structure fires YTD	per cent	90	85.2	□	(12)
KPI 26 – Reduce structure fires per capita (12 months rolling)	per cent	-2	-4.9	✓	
KPI 27 – Community Resilience – increase residential fire safety notifications (FYT 411)	number	411	404	○	
KPI 28 – Fire Safety – increase notifications for building inspection compliance, dangerous goods, and fire investigation and analysis (FYT 1524)	number	1524	2304	✓	
KPI 29 – Deliver Community Resilience education programs	per cent	97	95	○	

✓ Performance target achieved or exceeded	○ Performance target not achieved – within 5 per cent variance	□ Performance target not achieved – exceeds 5 per cent variance
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* Quarterly BP3 Measure

(1) Our experience and analysis shows that actions that take more than 30 days to implement are more likely to be more sustainable solutions that support the prevention of re-occurrence. Whereas actions implemented quickly in less days tend to be 'quick fixes' that are unlikely to deliver sustainable system change. Therefore, this 'reverse' target aims for an increase in corrective actions that take 30 days or more.

The 'corrective actions' performance indicator measures the average number of days taken to 'action' the controls recorded in MFBSafe. Controls are self-reported to address incidents and hazards recorded in MFBSafe. Higher order controls such as elimination, substitution and engineering controls take time to implement and therefore increase the average closeout time of incidents.

The average timeframe for corrective actions for June 2019 is 21.1 days (reporting period 1 April 2018 to 31 March 2019). There were 2,613 actions entered into MFBSafe for the reporting period, which is an 8.6 per cent increase on the previous quarter. There were 72 reports entered for the Campbellfield fire (Thornycroft Street) in April 2019, which resulted in approximately 216 MFBSafe actions. All of these actions were lower order controls such as 'administrative' or 'unable to control'.

Anecdotally, there is a much higher portion of lower order controls being implemented such as reiterating procedures, wearing of appropriate PPE, and checking on the employee's welfare (and referral to services).

(2) For the rolling 12 months to June 2019, 59 per cent of claims averaged 20 days or less to the first RTW. Of the 13 claims that did not have a first RTW until 100+ days, one was a psychological injury; two were cancer claims; and the remaining were those whom had undergone surgery. These 13 high-duration claims have significantly impacted on the average timeframe. As reported on previously, scheduled leave can impact on timeliness of return to work.

(3) For the 2018–19 financial year, the Senior Leadership team had 92 scheduled station and workplace visits. Of these, 65 were conducted with a 70.7 per cent achievement rate. The new processes and data capture systems introduced in December 2018 will remain in place as they are resulting in significantly enhanced performance as evidenced by the 100 per cent achievement rate in the March and June quarters.

(4) MFB achieved 9.6 per cent of female firefighter recruits for the year. Of the 104 recruit firefighters, 10 were female recruits.

(5) Of the 151 eligible employees, a total of 88 employees have completed the task of setting position objectives for the coming year. This means a total of 58 per cent of position objectives have been set on time for the financial year to date.

(6) Changes to sick leave entitlements and additional leave types have been introduced under the new Operational Staff Agreement 2016. These Enterprise Agreement changes have impacted our workforce availability.

(7) MFB is working through a consultation process to develop an accreditation framework. A draft accreditation framework has been provided to the Training Sub-Committee of the Operational Consultative Committee. This will be further developed in consideration of the Training Framework.

(8) During the year, heavy rescue appliances responded to 232 road accident rescue incidents, of which 81.3 per cent were within the benchmark time of 810 seconds. Of the 43 calls outside the benchmark time, 14 (33%) involved appliances being despatched from significant distances to the incident and 9 (21%) were impacted by traffic congestion and road works. Failure to book on scene, or failed radio transmission was the reason for 6 (14%) calls not meeting target, and 11 (26%) incidents were within 60 seconds of benchmark.

Optimising road crash rescue coverage is being addressed within the business plan. Crews will be debriefed to determine opportunities for improvement.

(9) At the end of quarter four, 10 strategic initiatives (45.5%) have met their milestones and are on track. Another 10 (45.5%) have had substantial progress and two (9%) have not met their project milestones. The overall strategic actions health is 91 per cent, which is 5 per cent lower than quarter three results. The Continuous Improvement Framework, Learning and Development Strategy and Victorian Protective Data Security Framework have all been completed and have ceased reporting.

The two strategic initiatives that are at risk, Major Community Infrastructure and Research Strategy, are due to external influences.

(10) The capital program remains underspent compared to budget due to a combination of factors. Analysis of the variance between forecast and actual expenditure will be undertaken to determine remedial and improvement actions.

(11) Fleet unavailability over the past year has been impacted by factors including:

- resources allocated to complete modifications to existing fleet
- appliances out of commission for warranty repairs
- appliances at contractor (Toxfree) for foam system flushing
- high number of unscheduled repairs required on appliances
- high demands on appliances during fire season and major fire incidents
- fleet services resources allocated to support operations during fire season and major fire incidents.

(12) ESTA Industrial Action impacting data quality

Please note that from 6 March through to 21 May 2019, ESTA Operators through 'Protected Industrial Action' have introduced the remainder of their work bans, 52 in total.

Behaviours impacting data quality observed by the MFB Operational Communications Department include:

1. ESTA operators changing the original call sources (exchange, radio etc.) to an invalid call source determined by themselves.
2. After the receipt and subsequent despatch of appliances to calls, ESTA operators will change the event type to a generic '624' which is a generic incident type. To date operators are taking this action for approximately 70 per cent of calls.
3. ESTA operators are not recording appliances on scene at the call approximately 80 per cent of the time. This impacts measurement of response time performance.
4. ESTA operators continue to put incorrect false alarm codes on calls.

MFB is not able to confirm the quality of this data; that it is correct, accurate, complete and timely.

(13) Numbers differ from employee numbers reported in the Workforce data table on page 52 of this report due to business rules of inclusion/exclusion and extraction date of data as at the last day of the reporting quarter.

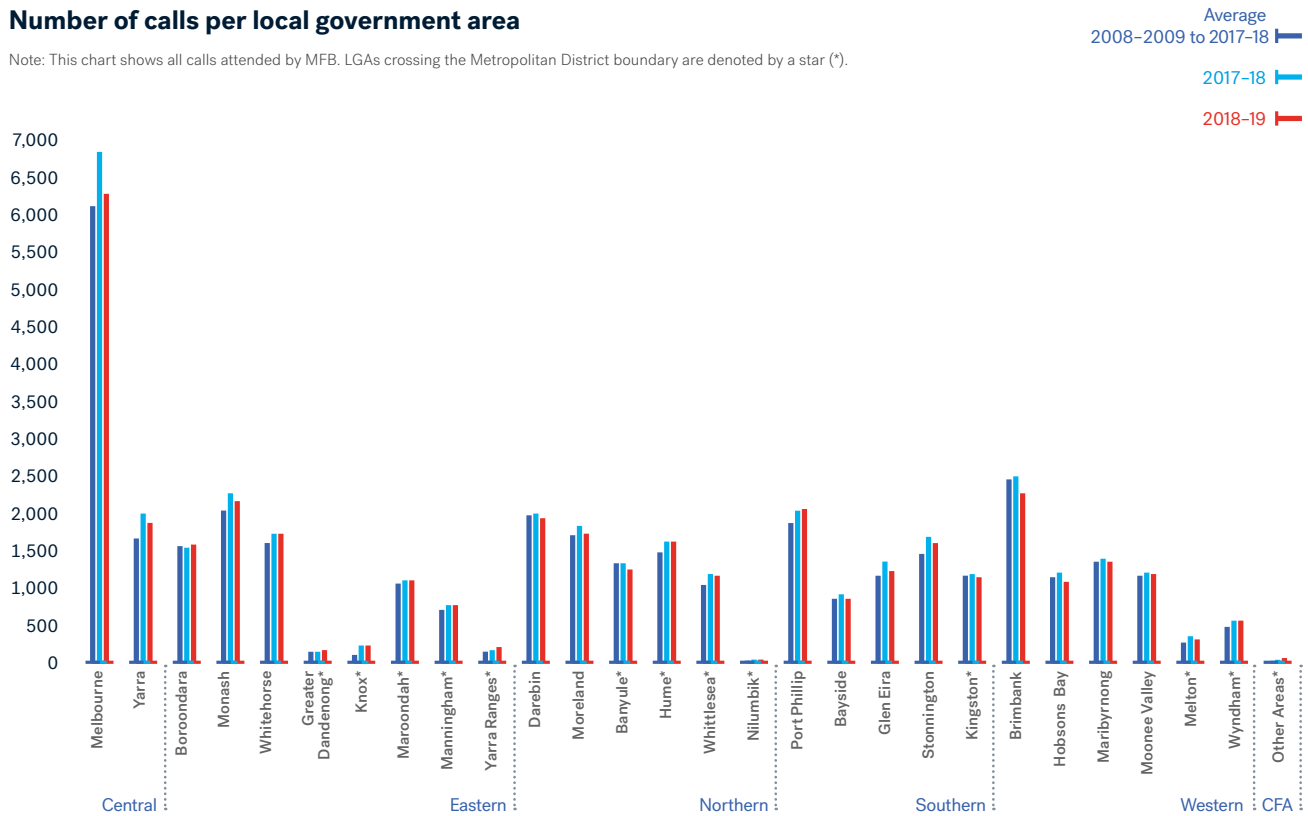


Our performance (continued)

Our service delivery (continued)

Number of calls per local government area

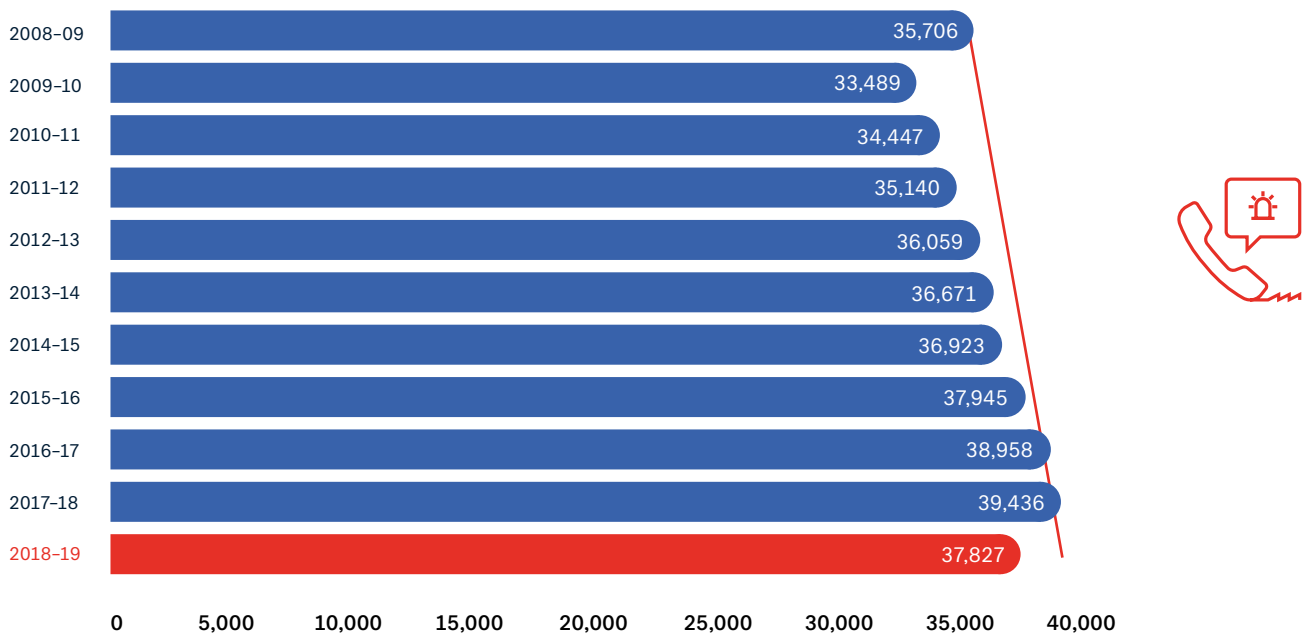
Note: This chart shows all calls attended by MFB. LGAs crossing the Metropolitan District boundary are denoted by a star (*).



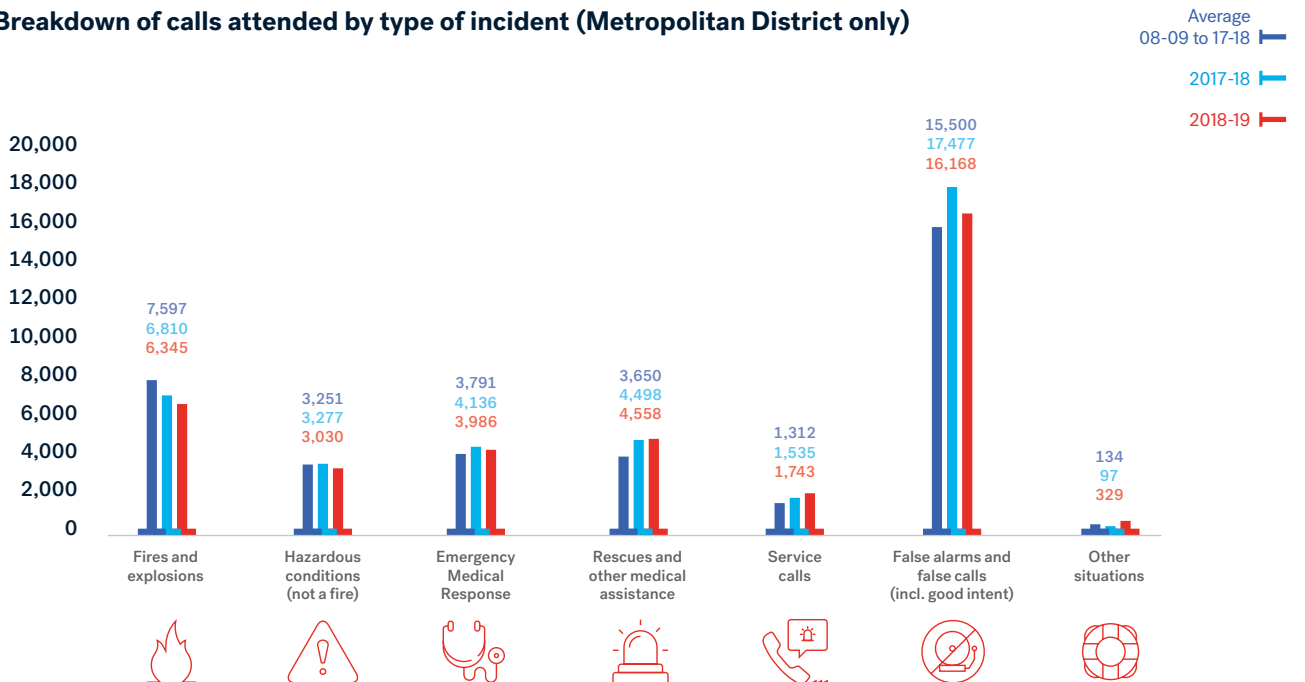
Containment of structure fires to room of origin



Number of calls attended



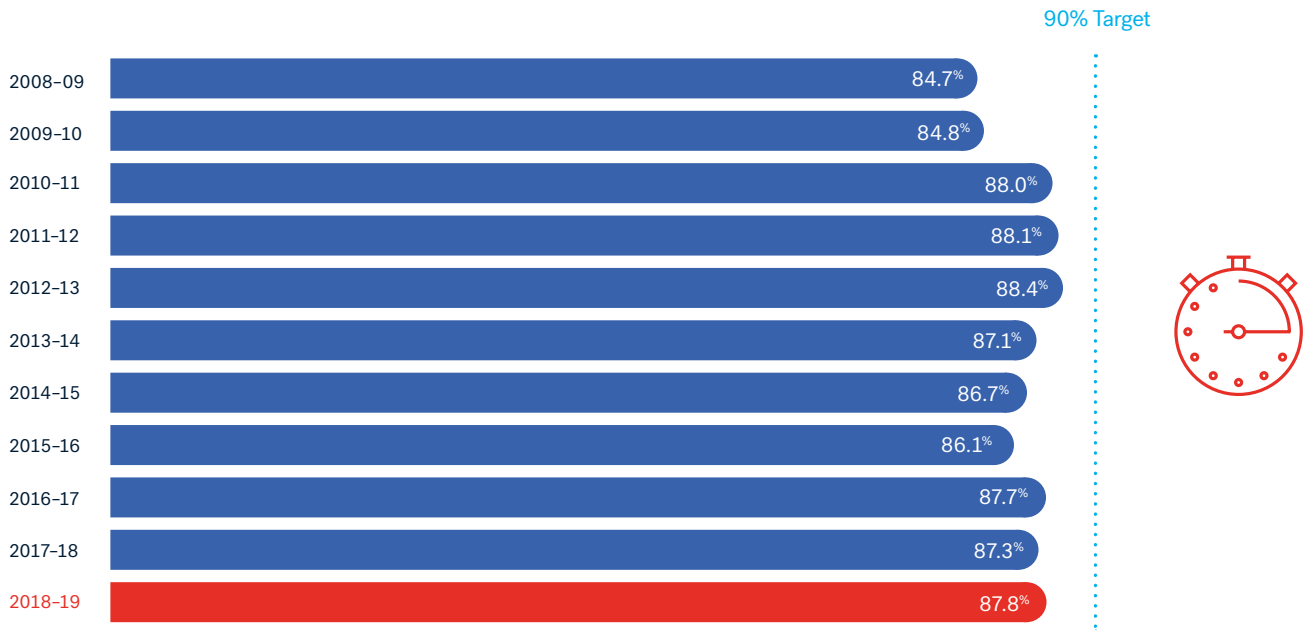
Breakdown of calls attended by type of incident (Metropolitan District only)



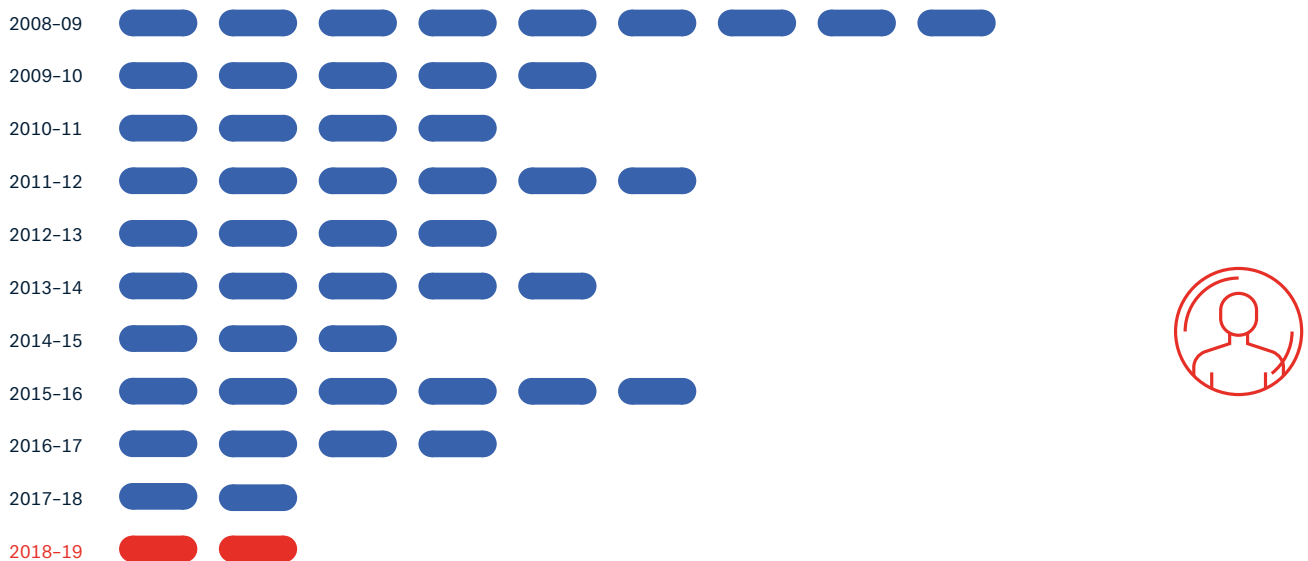
Our performance (continued)

Our service delivery (continued)

Response times meeting benchmarks

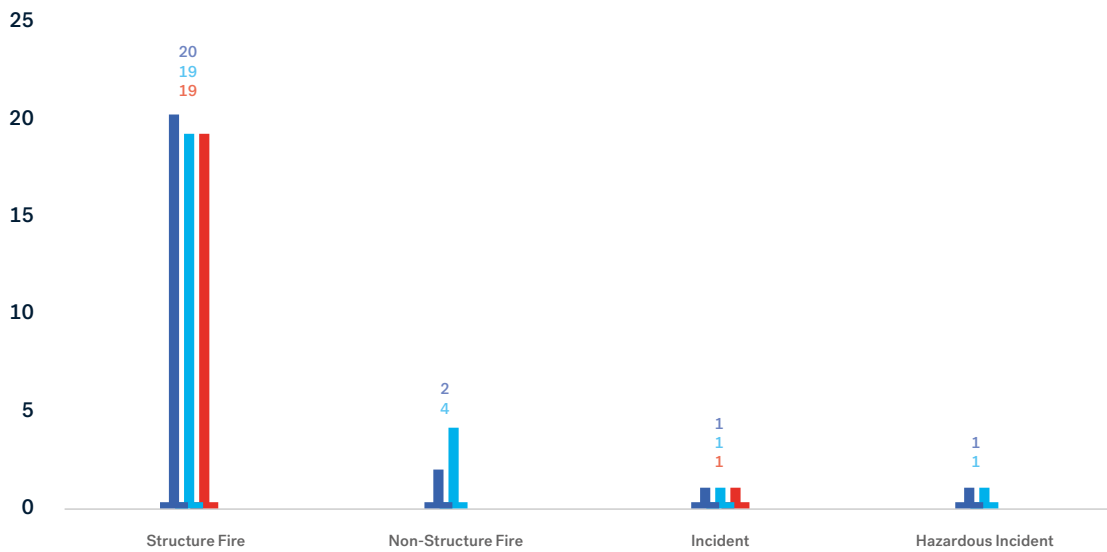


Preventable fire-related fatalities (Metropolitan District)



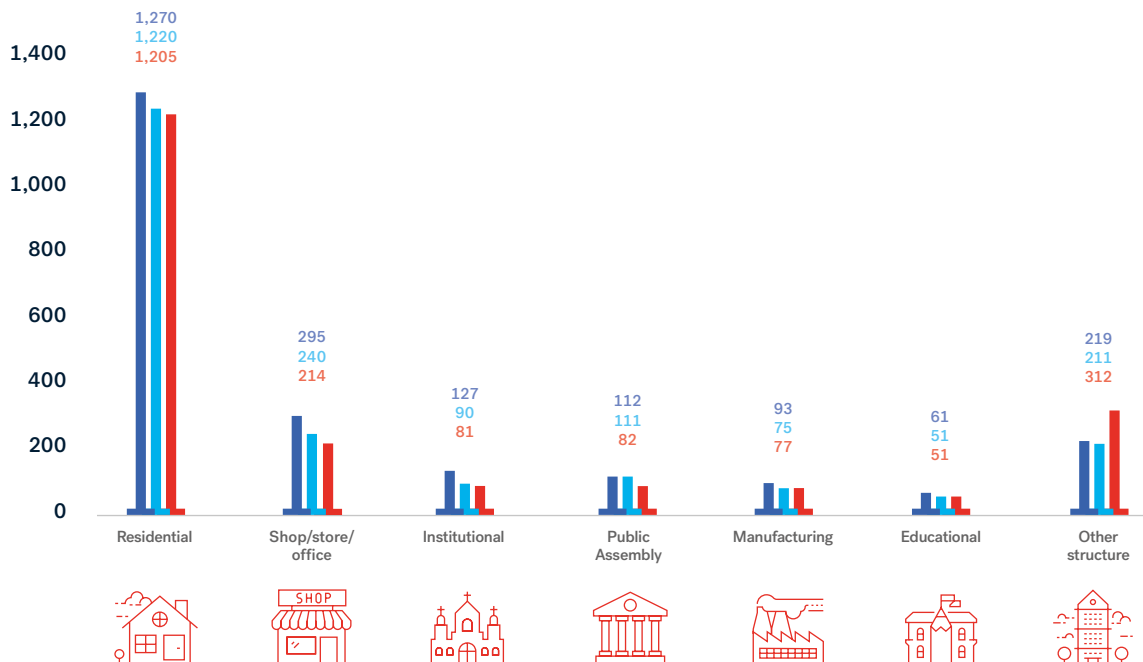
Level 3 and above alarms attended by MFB in the Metropolitan District: 2016-17 to 2018-19

2016-17
2017-18
2018-19



Breakdown of building fires by type of property

Average
2008-09 to 2017-18
2017-18
2018-19



Our performance (continued)

Our service delivery (continued)

Summary by suburb

Suburb 2016-17	Final incident type	Alarm level	Number of calls	Suburb 2017-18	Final incident type	Alarm level	Number of calls
Altona North	Non-structure fire	3	1	Brunswick	Structure fire	3	1
Broadmeadows	Structure fire	3	1	Carlton	Structure fire	3	2
Broadmeadows	Structure fire	4	1	Cheltenham	Non-structure fire	5	1
Brunswick	Structure fire	3	1	Coburg	Structure fire	3	1
Campbellfield	Structure fire	3	1	Coolaroo	Structure fire	8	1
Clayton	Structure fire	3	1	Cremorne	Structure fire	3	1
Coolaroo	Structure fire	3	2	Doncaster	Structure fire	3	1
Coolaroo	Structure fire	6	1	Essendon	Structure fire	3	2
Docklands	Structure fire	3	1	Heidelberg	Hazardous incident	3	1
Essendon Fields	Structure fire	4	1	Laverton North	Structure fire	3	1
Fawkner	Structure fire	3	1	Laverton North	Non-structure fire	3	2
Fitzroy	Structure fire	3	1	Malvern	Structure fire	3	1
Footscray	Structure fire	5	1	Maribyrnong	Structure fire	3	1
Hoppers Crossing	Structure fire	3	1	Maribyrnong	Structure fire	5	1
Keilor East	Structure fire	3	1	Mount Waverley	Structure fire	3	1
Laverton North	Structure fire	4	1	Mulgrave	Incident	3	1
Laverton North	Non-structure fire	3	1	Reservoir	Structure fire	3	1
Melbourne	Incident	3	1	Somerton	Structure fire	4	1
Moorabbin	Structure fire	3	1	Sunshine	Structure fire	3	1
Preston	Structure fire	3	1	Sunshine North	Non-structure fire	3	1
Sunshine North	Structure fire	4	1	Truganina	Structure fire	3	1
Thomastown	Structure fire	3	1	West Footscray	Structure fire	3	1
Thomastown	Hazardous incident	3	1				

Suburb 2018-19	Final incident type	Alarm level	Number of calls
Beaumaris	Structure fire	3	1
Brunswick East	Structure fire	3	1
Campbellfield	Structure fire	3	1
Campbellfield	Structure fire	4	2
Campbellfield	Structure fire	8	1
Coburg North	Structure fire	3	1
Coolaroo	Structure fire	3	1
East Melbourne	Structure fire	3	1
Epping	Incident	3	1
Glenhuntly	Structure fire	3	1
Highett	Structure fire	3	1
Maidstone	Structure fire	3	1
Melbourne	Structure fire	3	1
Melbourne	Structure fire	4	1
Mentone	Structure fire	3	1
Mordialloc	Structure fire	3	1
South Melbourne	Structure fire	3	1
Thomastown	Structure fire	3	1
Tottenham	Structure fire	8	1

ESTA Industrial Action impacting data quality

Emergency Services Telecommunications Authority (ESTA) provides 24-hour emergency call-taking and dispatch services for MFB. An integral process undertaken by ESTA Operators in their delivery communications services is the accurate recording and movement of all MFB resources, as well as information relayed by MFB operational personnel relative to emergency calls. MFB relies on information entered into the Computer Aided Dispatch (CAD) system for performance reporting.

Emergency Services Telecommunications Authority (ESTA) operators introduced work bans through Protected Industrial Action from 6 March through to 21 May 2019 which impacted the quality of MFB data for this reporting period. For this reason, MFB is not able to confirm that the data recorded by ESTA operators for this reporting period is accurate and complete.

Major incidents

Throughout 2018–19, MFB’s operational employees responded to a number of significant and protracted fires as well as complex incidents which required our specialist technical rescue capability. MFB responded to 37,827 calls this financial year both within and outside of the Metropolitan District.

Emergency response has been dominated by significant fires and hazardous materials incidents that have occurred at sites undertaking recycling activities in addition to the following significant fires and incidents:



Tottenham chemical storage warehouse fire

7 July 2018

Recycling fire Coolaroo

A fire at the Coolaroo SKM recycling site in July 2017 was the catalyst for the state-wide audit of recycling facilities by the Resource Recovery Facilities Audit Taskforce. Crews were then alerted to another fire at the premises a year later on Saturday 7 July 2018 and the first crews to arrive on scene were met with a significant fire which had taken hold of a pile of recycling material inside a large building.

Limited access and the amount of material stored in the building made for a difficult fire fight. At the height of the incident MFB’s senior command employees coordinated a response using 17 firefighting appliances and more than 60 firefighters.

MFB’s specialist hazardous materials (hazmat) technicians established a network of atmospheric monitoring equipment to ensure that the surrounding community was not at risk. Firefighters brought the fire under control within three hours.

30 August 2018**Chemical storage warehouse fire Tottenham**

MFB was alerted to a fire on Somerville Road Tottenham at around 5am on Thursday 30 August 2018, which was one of the biggest structure fires MFB has faced in more than two decades.

The first responding crews called for additional resources while en route, after they saw the large smoke plume which would remain visible across Melbourne that day.

It took just six minutes for the first firefighters to arrive on scene, and in the early stages it was not clear what was stored inside the warehouse. However, as the fire began to threaten neighbouring buildings it was evident the structure housed volatile chemicals.

Within 40 minutes of the first call to Triple Zero (000) around 80 firefighters and more than 20 appliances were on scene fighting the blaze. Walls of shipping containers and drums stacked inside the building hampered efforts to reach the seat of the fire and extinguish it.

The Incident Controller declared the fire under control after 17 hours, at around 10pm that evening; however, MFB and partner agencies remained onsite for a further 16 days with the fire finally declared extinguished on Friday 14 September.

MFB distributed a high volume of emergency information through the emergency warnings system, as well as through traditional media and social media to give the community access to up-to-date advice.

The scale and complexity of the fire required more than 140 firefighters on scene at its peak. In addition, specialist aviation tenders responded from Tullamarine Airport to provide the vast quantities of firefighting foam needed.

Due to the nature of the substances involved in the fire, significant effort was required to minimise the environmental impacts. MFB worked closely with the Environment Protection Authority Victoria (EPA), Melbourne Water and the local council to assist in consequence management throughout and following the incident.

2 November 2018**High angle rescue CBD**

MFB specialist High Angle Rescue Techniques (HART) firefighters were called to a building on Spring Street in Melbourne's CBD to assist two workers after they became trapped on a window cleaning gantry outside the 34th floor, when the gantry began swinging uncontrollably as a result of strong winds and was unable to be raised or lowered.

Using specialist rope techniques, the HART team lowered a highly trained firefighter down by rope to reach the workers and bring them to safety.

Both workers were safely rescued without injury just 35 minutes after MFB crews arrived on scene and firefighters worked to secure the gantry and prevent it from damaging the building.

MFB distributed a high volume of emergency information through the emergency warnings system, as well as through traditional media and social media to give the community access to up-to-date advice.

Major incidents (continued)

16 December 2018

Water rescue Glen Waverley

Severe thunderstorms and very heavy rainfall swept across the south-eastern suburbs of Melbourne in mid-December, which led to isolated areas of flash flooding along Scotchman's Creek.

A mother and her two children walking through an aqueduct underneath the freeway in Glen Waverley were caught in a flash flood and became trapped in the fast-flowing water and were forced to cling to a handrail.

MFB rescue crews responded and were on scene within six minutes. They entered the water and fitted life jackets to the family and brought them and the pet dog out of the aqueduct to safety. The rescue was completed within 30 minutes.

19 January 2019

Battery recycling business fire Campbellfield

Firefighters were called to a large factory fire in Campbellfield just after 8pm on 19 January 2019. The smoke plume could be seen by responding appliances as they left the station, and additional resources were responded to the incident.

On arrival firefighters were confronted with a fierce and rapidly developing fire in the factory. They witnessed numerous large explosions, which ejected material from the fire. This made firefighting operations very challenging and the fire began to threaten the adjoining buildings.

MFB issued community advice messages to ensure the safety of the surrounding residents.

Crews fighting the blaze determined that the premises was a battery recycling business which raised significant concerns about potential environmental impacts from heavy metals which may have contaminated the water runoff. The EPA and Melbourne Water representatives worked with MFB's specialist hazmat technicians to monitor the impacts of the smoke plume and water runoff into local creeks.

This was a significant and protracted incident which took more than six hours to bring under control. The external walls of the building became damaged by the fire and were deemed unsafe, preventing firefighters from accessing the internal areas of the site and delaying the complete extinguishment of the fire.

A large earthmoving excavator was used to tactically demolish the building and MFB firefighters remained on scene for a further four days until the fire was deemed fully extinguished.



4 February 2019**Apartment building fire CBD**

Firefighters responded to an automatic fire alarm at a building on Spencer Street in Melbourne's CBD just before 6am.

While crews were en route, the Emergency Services Telecommunications Authority (ESTA) received a number of Triple Zero (000) calls reporting a fire spreading from the 12th floor of the building.

The first firefighters arrived on scene within three minutes, and immediately began to evacuate residents. They escalated the alarm level to activate an enhanced response as the building was clad in combustible material and the fire was spreading quickly up the façade.

MFB operational crews review and practise how to respond to fires in buildings which have combustible cladding fitted and the first arriving crew had fortunately completed an exercise at the same building earlier that evening. This significantly contributed to an efficient firefighting response.

Firefighters were able to contain the blaze within one hour, but due to the damage from the fire to the building's essential services, it was not safe to allow the occupants to return for almost three weeks.

2-3 March 2019**Bunyip bushfires**

When dry lightning ignited three fires in the Bunyip State Forest in March, MFB was requested by Country Fire Authority crews to help protect assets at risk from the fire.

These fires were expected to develop over the following day due to the deteriorating weather forecast. An MFB strike team was deployed, led by a Commander and consisting of five pumper tankers. The deployment soon doubled and a second strike team was deployed due to an increase in fire activity as the hot and windy conditions persisted.

The MFB strike teams worked to protect townships and key infrastructure and their actions ensured assets remained standing and unaffected throughout the incident. MFB provided impact assessment teams who quantified how many homes had been destroyed and where they were located.

Providing this vital information was critical to supporting the Incident Management Team and enabled them to mobilise assistance services to those who were significantly affected. MFB senior command employees were also incorporated into both the Incident and Regional Management Teams for the 10 days that the fire required active management.

15 March 2019**Hazmat incident Campbellfield**

As a member of the Resource Recovery Facilities Audit Taskforce, MFB works with its partner agencies to identify and assess sites that require extra risk control measures to be implemented. During a site inspection in March, a large warehouse on Thornycroft Street in Campbellfield was found to contain significant quantities of hazardous materials.

The taskforce inspectors recognised an immediate risk and requested support from MFB's Scientific Officer as well as specialist hazmat technicians to undertake inspections of the site. MFB crews found that the material was stored in containers that were considered unsafe, and determined there were elevated levels of volatile chemicals being stored.

To monitor the levels of chemical vapour in the building, specialist atmospheric monitoring equipment was installed and the data was monitored in real time to enable a quick response in the event of a significant leak or hazardous off-gassing occurring.

Following these inspections it was deemed that the site posed such a significant risk to the community and environment that security guards were positioned around the site to prevent any access. The control of the site was handed to WorkSafe Victoria as the responsible authority.

MFB rescue crews responded and were on scene within six minutes. They entered the water and fitted life jackets to the family and brought them and the pet dog out of the aqueduct to safety.

Major incidents (continued)

5 April 2019

Recycling fire Campbellfield

MFB was notified of a factory fire in Thornycroft Street in Campbellfield just before 7am. The first crew arrived on scene within two minutes and found the building completely engulfed by the blaze. Firefighters immediately commenced protecting neighbouring businesses and issued warnings to the community due to the significant smoke plume emanating from the fire.

At 7am, less than 10 minutes after the first notification, 22 firefighting appliances had responded from both MFB and CFA stations. The fire was fuelled by highly flammable liquid that was stored at the site. As the fire tore through the site it melted the plastic containers storing the liquid, resulting in large quantities of flammable liquid flowing out of the burning factory and into adjoining properties. Additional resources responded to protect the surrounding structures, and at the peak of the incident there were 49 appliances on scene.

Due to the prevalence of fires within the recycling industry, extensive operational preplanning activities ensured the Incident Management Team could quickly enact response plans, which had been developed with the EPA and local water companies, to minimise the environmental impacts from firewater runoff.

The fire was deemed under control within six hours; however, due to the risk associated with the flammable liquids still onsite, MFB crews remained on scene for a further four days.

The first crew arrived on scene within two minutes and found the building completely engulfed by the blaze.



Emergency Medical Response

In September 2018, the Emergency Medical Response (EMR) Program celebrated MFB's 20th anniversary of providing exceptional service to the community of Melbourne.

Today, MFB firefighters respond to nearly 4,000 calls per year and provide medical assistance to patients who are unconscious, have no pulse, are not breathing, or are having breathing difficulties (such as choking).

MFB's Emergency Medical Services Department continues to work closely with our EMR partner agencies, including Ambulance Victoria and the Country Fire Authority in support of initiatives such as high-performance Cardio Pulmonary Resuscitation (CPR).

Introduced in February 2019, MFB firefighters now work alongside Ambulance Victoria Paramedics in providing high-performance CPR and it is hoped that this initiative will increase the number of successful resuscitations, as well as increase the number of patients who can return home to their loved ones.

Emergency Medical Services (EMS) Department 2018-19

Data based on 01/07/18-30/06/19



Firefighters responded to 3,986 Emergency Medical Response calls



MFB exceeded benchmarks for response times with 95.5 per cent of incidents responded to within the 9.2 minute benchmark (the government target is for MFB to respond to 90 per cent of calls within 9.2 minutes)



Five successful resuscitations (with approximately 30 potential success stories awaiting confirmation at 30 June 2019)



MFB is currently working with CFA to digitise electronic patient care records which will be contained within the Australian Incident Reporting System (AIRS) / Fire and Incident Reporting Systems (FIRS).

Number of personnel trained by EMS Department in 2018-19

Recertification MFB*	387
Recertification CFA*	115
Retention Victorian Recruit Firefighter Course	210
Recruits (skills acquisition)	162
Clinical education sessions	7,757
Confirmed lives saved since inception of EMR Program	234

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

Always Safe

Organisational Health and Safety Policy

Always Safe Program

MFB’s new Health Safety and Wellbeing Strategy 2018–2021 ‘WorkWell 21’ sets out a strategy for how our employees will work in partnership with stakeholders to build the best health experience and deliver the best health outcomes for all of our people.

WorkWell 21 has a greater emphasis on a new holistic approach to health, safety and wellbeing, and focuses on building resilience so that our people are empowered and enabled to thrive in their workplace, at home, and in the community.

Our work to build this resilience enables our firefighters, our employees, and their families to deal with the additional levels of risk and challenges those in the emergency services sector face.


WorkWell 21 will deliver 11 new initiatives, many of which have already commenced implementation:

1. Best Health Experience
2. Wellbeing Program (SEEDS)
3. Mental Health Strategy
4. Sleep Program
5. Health, Safety and Wellbeing Critical Risk Controls
6. Health, Safety and Wellbeing Incident Management
7. Functional Movement Assessment
8. Brigade Medical Service
9. Critical Incident Database
10. Health Management Governance
11. Health, Safety and Wellbeing Data and Analytics

Number of quarterly OH&S Committee meetings

People, Safety and Wellbeing Board Committee meetings

Committee	Number of meetings held (1/7/18 to 30/6/19)	Percentage of attended vs. planned (1/7/18 to 30/6/19)
Occupational Health and Safety Policy Committee	5	71 per cent of planned meetings completed
Operational Employee Occupational Health and Safety Sub-Committee	4	100 per cent of planned meetings completed
People, Culture and Safety Board Committee	4	100 per cent of planned meetings completed



Our work to build resilience enables our firefighters, our employees, and their families to deal with the additional levels of risk and challenges those in the emergency services sector face.

Always Safe (continued)

Number of organisational health and safety incidents investigated

Measure	Key Performance Indicator
Incidents	No. of incidents ^(b)
	Rate per 100 FTE ^(c)
	No. of incidents requiring first aid and/or further medical treatment
Claims	No. of standard claims ^(a)
	Rate per 100 FTE ^(d)
	No. of lost time claims ^(a)
	Rate per 100 FTE ^(d)
	No. of claims exceeding 13 weeks ^(a)
	Rate per 100 FTE ^(d)
Lost Shifts	No. lost shifts
Severity Rate	Average shifts lost per LTI
Fatalities	Fatality claims
Claim Costs	Average cost per standard claim ^(a)
Return to Work	Percentage of claims with RTW plan <30 days
Management Commitment	Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO or equivalent)
	Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel)
Consultation and Participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)
	Compliance with agreed structure on DWGs, HSRs, and IRPs
	Number of quarterly OHS Committee meetings
Risk Management	Percentage of internal audits/inspections conducted as planned
	Percentage of reported incidents investigated ^(e)
	No. of Improvement Notices issued across the Department by WorkSafe Inspector. ^(f)
	Percentage of issues identified and actioned arising from:
	<ul style="list-style-type: none"> • Internal audits; ^(f) • HSR provisional improvement notices; and ^(f) • WorkSafe notices ^(f)
Training	Percentage of managers and employees that have received OH&S training:
	<ul style="list-style-type: none"> • induction; ^(f) • management training; and ^(f) • contractors and temps. ^(f)
	Percentage of HSRs trained:
	<ul style="list-style-type: none"> • upon acceptance of role (initial training); • re-training (annual refresher)

(a) Data sourced from Victorian WorkCover Authority (VWA).

(b) Incident is LTI + NLTI + Near Miss.

(c) For calculation of per 100 FTE = $(\text{No.}/(\text{FTE}/100))$ MTI + FAI, rounded to 1 decimal place.

(d) For calculation of per 100 FTE = $(\text{No.}/(\text{FTE}/100))$, rounded to 1 decimal place.

(e) Calculated by number of reports with an inherent and residual rating minus not assessed.

(f) Information not available.

2016-17	2017-18	2018-19	Responsible stakeholder/s
1,576	1,462	1,634	Safety Services
68.6	62.9	68.9	Culture and Transformation
386	403	363	Safety Services
-	-	266	Injury and Claims
-	-	11.2	Culture and Transformation
257	223	168	Injury and Claims
-	-	7.1	Culture and Transformation
-	-	32	Injury and Claims
-	-	1.3	Culture and Transformation
5,129	4,345	4,389	Culture and Transformation
19.9	19.5	26.1	Culture and Transformation
0	0	0	Injury and Claims
\$-	\$-	\$42,790.35	Injury and Claims
-	-	73.78%	Injury and Claims
Complete	Complete	Complete	Work Health and Safety
N/A	N/A	Complete	Contracts and Procurement
Complete	Complete	Complete	Safety Services
Complete	Complete	Complete	Safety Services
-	-	49	Safety Services
-	-	77.5%	Safety Services
-	-	97.3%	Safety Services
-	-	-	Safety Services
-	-	-	Safety Services
-	-	-	Safety Services
-	-	-	Safety Services
N/A	N/A	N/A	LinkSafe
N/A	N/A	N/A	Safety Services
N/A	N/A	N/A	Property Services
N/A	N/A	100%	Operational Safety
N/A	N/A	N/A	Operational Safety

Always Safe (continued)

Major initiatives

Further increase to four-person crewing

Throughout the 2018–19 financial year, MFB has continued to boost the number of appliances crewed by four firefighters. The initiative was rolled out to 18 additional pumper appliances, raising the minimum crewing level across the organisation from 284 to 302 firefighters.

The increase in crewing has enhanced MFB's operational efficiency and increased the safety of our firefighters responding to emergency incidents.

Hostile act response and counter-terrorism capability

When a hostile act was perpetrated in Bourke Street in the heart of Melbourne in November 2018, MFB firefighters were some of the first responders on scene.

As terrorism-related incidents continue to occur locally and across the world, MFB continues its work to prepare plans that ensure we are ready to respond to any emergency situation and has been collaborating with Victoria Police, Ambulance Victoria and other emergency services and partner agencies to develop a multi-agency, integrated response model for responding to such events.

PFAS study

MFB was the first fire and rescue service in the world to establish safe per-fluoroalkyl and poly-fluoroalkyl substances (known as PFAS) limits for firefighters and successful and measurable decontamination programs for appliances and firefighting equipment.

This vital work has continued throughout 2018–19, and MFB has identified PFAS as a key organisational risk and strategic priority, and has endorsed a precautionary principle approach to PFAS.

During 2018–19 MFB announced a world-first clinical pilot study into PFAS, which focused on the impacts of blood and plasma donation on PFAS levels. MFB has commissioned Macquarie University to conduct the research, which is currently underway with 315 firefighters and employees participating. The findings will contribute to the existing research and further inform medical research and decision making.

The study is a collaboration between MFB and the United Firefighters Union.

MFB is now considered to be a renowned leader in PFAS mitigation works, and has been approached by fire and rescue agencies from across Australia requesting support and information on MFB's PFAS remediation processes and applied safe threshold limits.

During 2018–19, the MFB PFAS Mitigation Project team also delivered tangible outcomes in PFAS decontamination initiatives and testing as well as national and international advocacy work.

PFAS decontamination initiatives

To date more than 98 per cent of MFB's fleet of firefighting appliances have been decontaminated within MFB's PFAS thresholds. This also includes firefighting hose and other essential firefighting equipment.

PFAS advocacy

MFB actively supports many other Australian and international fire and rescue services by providing advice and information on our PFAS remediation processes and applied safe threshold limits.

This PFAS advocacy work includes submissions and representations to both Federal and State Governments, including to the Federal Joint Standing Committee on Foreign Affairs, Defence and Trade into the management of PFAS contamination in and around defence bases.

In May 2019, Commander Michael Tisbury, who leads MFB's PFAS project, represented more than 500,000 career firefighters across Australia, New Zealand and the United States when he presented a PFAS White Paper titled: *The Global PFAS Problem: Fluorine-Free Alternatives as Solutions*, to the United Nations, Stockholm Convention on Persistent Organic Pollutants in Geneva.

MFB PFAS testing

MFB has conducted PFAS testing on fruit and vegetables grown at our fire stations, in addition to testing personal protective clothing (PPC) and tunics, as a means of checking the PFAS exposure of our firefighters.

MFB was the first fire and rescue service in the world to establish safe per-fluoroalkyl and poly-fluoroalkyl substances (known as PFAS) limits for firefighters

SEEDS and R2MR roll-out

In October 2018, MFB commenced a two-year pilot of its mental health strategy to provide proactive mental health and resiliency education to all employees. MFB is the first fire and rescue service in Australia to make this training available to all employees.

Road to Mental Health Readiness

Road to Mental Health Readiness (R2MR) was developed by the Mental Health Commission of Canada and focuses on the development and strengthening of resiliency skills, mental fitness and healthy coping strategies and how to use these faculties in leadership roles.

Mental Health First Aid

Mental Health First Aid (MHFA) is an evidence-based Australian first aid course which seeks to develop an individual's capacity to both recognise and respond to the emerging signs and symptoms of mental health issues and mental health crisis.

Both programs combat the negative stigma broadly associated with mental illness, and aim to increase our effectiveness in this important area.

The programs were delivered to senior MFB leaders in the first instance, so that they were equipped to better support their employees and themselves. Between October 2018 and December 2018, 103 MFB senior leaders completed the R2MR training program, and 79 MFB senior leaders completed the MHFA training program.

In early 2019, the training became available to all MFB employees, with 40 sets of both R2MR and MHFA courses scheduled for the 2019 calendar year.

Between October 2018 and 30 June 2019, 441 MFB employees have completed R2MR training program.

Between October 2018 and 30 June 2019, 272 MFB employees have completed MHFA training program.

Diesel Emissions Trial

MFB has committed to reducing exposure to diesel emissions by conducting a three-month trial for a two-source capture exhaust system at our West Melbourne Fire Station (FS02). Installation of the exhaust system has commenced and MFB will evaluate the outcomes of the trial.

Fire station design guidelines have been amended with the specifications required to incorporate source capture systems in all new station builds and a business case is being prepared to roll out source capture systems to all MFB worksites once any functionality issues arising from the trial have been addressed.

MFB has committed to reducing exposure to diesel emissions by conducting a three-month trial for a two-source capture exhaust system at our West Melbourne Fire Station.

Faces of MFB

Mental health injuries are not only harder to detect, but can be harder to treat than physical injuries.



Commander Rick Gili and Michelle O'Connor

Firefighters regularly respond to critical incidents which can have a negative effect on mental health and wellbeing. Mental health injuries, such as depression, anxiety, or post-traumatic stress syndrome do not discriminate, and can affect anyone at any time in their lives.

Mental health injuries are not only harder to detect but can be harder to treat than physical injuries, and the road to recovery can be complicated by the stigma surrounding mental health.

MFB is focused on providing proactive mental health and resiliency education to our people through the roll-out of our Road to Mental Health Readiness, and Mental Health First Aid training programs.

MFB's Central District Operational Commander Rick Gili has been exposed to a number of traumatic incidents over his 34 years with MFB.

As temperatures soared and the 2009 Victorian bushfires took hold across the state, he was one of the first MFB firefighters to respond.

"I was sent to Kinglake and Strathewen, towns which were all-but completely decimated by the bush fires," Commander Gili said.

"My role was to assess the fire impact, monitor for parts of the fires that were still burning, and to help retrieve the bodies of the people who tragically did not manage to escape.

"I remember driving through these towns – they looked like warzones. The devastation I saw will stay with me forever," he said.

Commander Gili and fellow firefighters from C platoon attended the Mental Health First Aid course recently, and Rick said he found the course defining and informative.

"The information that was provided throughout the two-day course has helped me get a better understanding of issues relating to mental health," Commander Gili said.

"It has also given me the tools, knowledge and confidence to deal with and talk to friends, relatives and colleagues with mental health issues".

These important programs aim to develop and strengthen resiliency skills, improve mental fitness, provide healthy coping strategies for our people and reduce the stigma which surrounds mental health injuries.

MFB's Rehabilitation and Return to Work Coordinator Michelle O'Connor took part in the Road to Mental Health Readiness Program and said the course was something everyone could benefit from.

"It highlighted to me how we are all vulnerable to life experiences that may challenge our mental health and wellbeing," she said.

"We can all play a significant role in supporting good mental health".

Improving community safety and resilience

Compliance and advice

MFB delivered the following compliance inspections and provided the following advice services to our community during 2018-19:

Department	Service	Statistics
Dangerous Goods	Dangerous goods reports	222
	Dangerous goods letters	16
BCA and Audits	Letters of advice	693
	129 applications	689
	187 applications	522
	Modifications	37
Community Safety Technical Department	Fire engineering briefs	657
	Fire engineering reports	403
Fire Investigation and Analysis	Accidental fires attended	64
	Suspicious fires attended	13
	Electrical fires attended	70
	Undetermined fires attended	26
	Fatal (non-preventable)	3
	Fatal (preventable)	2
	Injuries	41
	Actual loss	\$83,183,005
	Potential loss	\$458,922,000

Improving community safety and resilience (continued)

Compliance and advice (continued)

Department	Service	Statistics
Building Inspections and Compliance	Class 1B – A single dwelling being a detached house or one or more attached dwellings	4
	Class 2 – A building containing two or more sole occupancy units each being a separate dwelling	59
	Class 3 – A residential building, other than a Class 1 or 2, which is commonplace of long-term or transient living for a number of unrelated persons	26
	Class 5 – An office building used for professional or commercial purposes, excluding buildings of Class 6, 7, 8 or 9	20
	Class 6 – A shop or other building for the sale of goods by retail or the supply of services direct to the public	17
	Class 7 – A building which is a car park or is for storage or display for sale by wholesale	12
	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 or produce is carried on for trade, sale or gain	12
	Class 9A – A healthcare building	2
	Class 9B – An assembly building in a primary or secondary school, but excluding any other parts of the building that are of another class	12
	Class 9C – An aged care building	3
	Essential Safety Measures (ESMs)	182
	Compliance Inspections	N/A
	Building Infringement Notices (BINs)	0
	1st inspections	182
	2nd inspections	N/A
3rd inspections	N/A	
Cladding	Number of buildings assessed at advisory reference panels	582
	Number of operational (cladding) risk reports	220
	Number of buildings found with Essential Safety Measures issues	135
Recycling	Number of joint inspections with agency partners	83
	Number of operational (recycling/waste) risk reports	58

Community Resilience Strategy

Community resilience involves working with the community, the building industry, regulators and other key partners to ensure that appropriate levels of fire safety exist to support responding firefighters and the occupiers of Melbourne's built and hazardous environments.

Our people also examine fires and provide detailed analysis of incidents impacting on the safety of buildings and facilities as well as helping to identify consumer goods that may be of risk to the community.

In addition, we source and foster research and evidence upon which to base the development of strategic and sustainable interventions including safety messaging, campaigns, programs, advocacy, safety reform and false alarm reduction, in order to build community resilience.

A further key function is to represent the organisation and the Australasian Fire and Emergency Service Authorities Council (AFAC) within legislative and technical stakeholder forums across state and national jurisdictions in the formation of fire safety policy and the promotion of fire safety legislative reforms.

MFB's Community Resilience Strategy continued to deliver inspection and community engagement programs and to progress policy and advocacy work throughout the 2018-19 financial year.



Major initiatives

At-risk groups

MFB's Community Education, At-Risk Groups and Community Development teams have worked to increase awareness of preventable residential fires and collaborated with partner agencies to conduct research and produce home fire safety education materials with a number of key achievements throughout the 2018-19 financial year including:

Development of community safety materials:

- completion of the easy English *What to do in a Fire* brochure for people with an intellectual disability or low literacy living in Department of Health and Human Services (DHHS) high rise accommodation. This was developed in partnership with DHHS and Scope Victoria
- engagement with Vision Australia to supply audio CD versions of the *Home Fire Safety Book* and Aged and Disability insert to ensure their continued availability in the Vision Australia shops around Victoria in addition to the downloadable MP3 on MFB's website
- participation in the review of home fire safety information for public tenants living in Department of Health and Human Services (DHHS) properties following the implementation of new fire safety equipment in DHHS high-rise towers. This brought about a new all-encompassing fire safety document for all DHHS tenants, regardless of what type of property they live in, to allow residents to identify their type of property, learn about its fire safety features and know exactly what action they need to take to stay safe.

Policy and advocacy:

- completion of the At-Risk Groups component of the Fire Investigation and Analysis Unit submissions to the Coroners Court of Victoria in relation to a fire-related death in the Metropolitan District; and
- MFB presented at the Community Fire Safety Division Conference in Tasmania on strategic interventions to address demographic changes. The visit was funded by the Tasmania Fire Service (TFS) and required MFB to provide a briefing to the Deputy Chief Fire Officer and a teleconference with senior operational firefighters from TFS about MFB's practice of 'Reporting an Operational Fire Safety Issue - Residential'.

Improving community safety and resilience (continued)

Major initiatives (continued)

Research and analysis to reduce risk:

- work continues on the enhancements to the Hoarding Notification System capital-funded upgrade
- ongoing residential risk referrals have been received from operational firefighters and external agencies seeking follow-up of individuals living in the community at significant risk. An increased number of requests for specialised information and advice from people with disability and the agencies which support them in relation to home evacuation have also been made.

Community development

The Victorian Built Environment Risk Assessment Process (V-BERAP) is an initiative led and developed by MFB to support local governments and enable them to better identify, understand and implement actions for local risk.

This risk assessment application is aligned with the *National Emergency Risk Assessment Guideline* (NERAG) 2014, ISO 31000 risk management framework and is supported by the State Fire Management Planning Committee (SFMP). Using data extrapolated from MFB and CFA fire reports plus information from the Australian Bureau of Statistics, stakeholders work together during MFB-facilitated workshops to undertake a local risk assessment analysis which incorporates local knowledge. This information is then entered into the Victorian Emergency Risk Management System (VERMS) application, and the process is designed to enable an increased understanding of community risk profiles by emergency management stakeholders and deliver improved safety outcomes.

Over the past year work has continued to resolve the complex integration of numerous data sets, enabling the VERMS platform to provide local government agencies with relevant and near real-time data.

Community education

Through a variety of community education campaigns and programs, MFB employees work closely with Melbourne's diverse communities, across all age groups, to promote community safety and coordinate emergency prevention activities.

Key achievements from MFB's Community Education Unit throughout 2018–19 were:

- developing a suite of printed materials to promote fire safety in high-rise buildings. These materials were developed in English, as well as Arabic, Hindi, Punjabi, Simplified Chinese, Traditional Chinese, and Vietnamese
- following an integration and configuration enhancement, InFlame was recommenced as a key fire safety delivery tool. Following a second alarm residential fire, this community safety mail-out program delivers fire safety messages at a time when residents have a heightened awareness of the importance of fire safety. Throughout 2018–19, 118 mail-out events occurred in the Metropolitan District, delivering fire safety messages to nearly 10,000 households
- MFB has worked in partnership with Victoria University over several years to conduct research into improving the expected outcomes of young people with a history of fire risk behaviour. Research identified that a number of factors can interact in complex ways that result in fire risk behaviour. It is estimated about one-third of young people who light fires do so for pathological reasons, and should be treated with mental health intervention
- MFB's Juvenile Fire Awareness Intervention Program (JFAIP) team received a USD \$3,000 fire prevention grant from FM Global in recognition of the work it is undertaking to protect the community through its Fire Prevention Grant Program. The grant will be used to modernise the delivery of JFAIP resources through the purchase of electronic tablets, which will directly benefit the community.

MFB has worked in partnership with Victoria University over several years to conduct research into improving the expected outcomes of young people with a history of fire risk behaviour.

- The joint MFB and CFA JFAIP Program received 149 requests for participation (81 per cent male). Referrals were made by Victoria Police or the courts (21 per cent), DHHS or other family members or other family services (48 per cent), a family member contacting JFAIP (13 per cent), from the fire and rescue service via Fire Call (13 per cent), or other (5 per cent). Almost half (47 per cent) of the program's participants were 12–14 years old.

Fit2Drive

Young and novice drivers comprise only a small proportion of licensed drivers, yet are over-represented in fatalities and injuries related to crashes on our roads. MFB works in partnership with other road safety agencies and local communities through the Fit2Drive Program to increase the safety of young people on the road. Throughout 2018–19 MFB delivered 69 Fit2Drive sessions to 8,438 students across years 10, 11, and 12.

FLAMES

FLAMES is a fire safety education program MFB delivers to secondary aged students who have recently arrived in Australia, and recently arrived adult migrants at English language schools and centres. Throughout 2018–19 MFB delivered 31 FLAMES presentations to 1,824 students who have English as their second language.

Fire Education (FireEd) for foundation and upper primary

An increasing number of firefighters have obtained their Working With Children Check (WWCC) this year following recent changes to the *Working With Children Act 2005*. This has reenergised FireEd throughout 2018–19, with MFB firefighters who have a WWCC delivering the program to:

Foundation primary

- Students: 6,013
- Sessions: 98

Upper primary

- Students: 2,238
- Sessions: 31

Seniors fire education

MFB's Seniors Fire Education Program has remained productive throughout 2018–19. Achievements throughout the financial year include:

- Participants: 1,798
- Sessions: 70
- Sessions using an interpreter: 13

Fire safety in the built environment

Sprinklers now required in apartment buildings four storeys and above

MFB has a long history of working with stakeholders in the built environment to improve fire safety outcomes for the community. This year, with the release of a new version of the National Construction Code, MFB has seen the mandating of the requirement for all new residential apartment buildings four storeys and above to be provided with an automatic fire sprinkler system.

This national collaborative approach to improving fire safety outcomes for our community is the most significant change in fire safety building requirements since the introduction of mandatory smoke alarms in Victoria in 1997.

Major community infrastructure

MFB has been working closely with government agencies and designated project leads on a number of major community infrastructure projects throughout 2018–19. MFB is currently supporting the Metro Rail Tunnel Project, the West Gate Tunnel Project and the North East Link Project to provide intervention, and fire safety engineering advice.

Flammable liquid storage facilities

MFB's Dangerous Goods Unit has been working with stakeholders on a number of sites across Melbourne upgrading and increasing their dangerous goods storage facilities throughout the year. In particular, the Dangerous Goods Unit has worked on several new projects involving the construction and operation of large flammable liquid storage tanks. These new projects have coincided with recent changes to regulations that provide for increased protection during the construction and operation of these types of facilities.

Essential Safety Measures

MFB's Building Inspection and Compliance Unit has continued its work with local councils and municipal building surveyors to action and resolve all identified Essential Safety Measures (ESM) issues at locations across the Metropolitan District. MFB is working with the Victorian Building Authority (VBA) and other stakeholders to highlight challenges in the industry and to seek solutions for this important safety issue.

Incorrect wiring of fire indicator panels

First coming to the attention of MFB in 2017, the serious issue of incorrect wiring of fire alarm monitoring systems at properties across Melbourne continues to be a concern. Since 2017, MFB has been actively working with industry to rectify these non-compliances and improve building fire safety. Key industry stakeholders, including the Country Fire Authority, Victorian Building Authority, Municipal Building Surveyors and Fire Protection Association of Australia, have joined MFB to work with industry on this issue. As a result of these efforts, the reported incidence of incorrect wiring has reduced by more than half of that first identified in 2017.

Improving community safety and resilience (continued)

Major initiatives (continued)

Smoke alarm campaign

MFB and CFA partnered to develop a smoke alarm campaign throughout the 2018–19 financial year. Stage one of the campaign was delivered at the beginning of winter 2019, with stage two set to be delivered during the 2019–20 financial year.

The 2019 smoke alarm campaign includes a recommendation to install smoke alarms in all bedrooms and living areas, and interconnect multiple smoke alarms, aligning with the recently updated Australasian Fire and Emergency Service Authorities Council (AFAC) guideline.

Home Fire Safety Book

During the 2018–19 financial year, MFB and CFA undertook a review and update of the *Home Fire Safety Book*, which is the main source of messaging for MFB home fire safety information. The new booklet has been completed and will commence roll-out in late 2019, and in addition work to translate the booklet into a number of languages will commence in 2019–20.



Valuing our people

Contemporary workforce conditions

Culture strategy

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

We recognise that the reform of Victoria's fire and rescue services requires leadership and investment which is why MFB established the Culture and Transformation Department in February 2018. This department is leading our efforts in partnership with key stakeholders for sustainable change.

MFB believes that partnering is essential to successful reform, so this year we co-developed the Joint Workplace Culture Steering Committee with the CFA and the United Firefighters Union (UFU). This committee oversees the commissioning of regular, independent research into workplace culture.

MFB has also commenced development of two evaluation frameworks to guide our work in culture and diversity. These include MFB's People and Culture Evaluation Framework, and a Joint Culture and Diversity Framework with CFA. These frameworks will provide data accuracy and analysis to identify areas where MFB is performing well, as well as areas that require improvement.

MFB is working towards increasing social diversity amongst firefighters with improvements to attraction and recruitment practices, and delivered another Victorian Career Firefighter campaign in February 2019.

This year we have been actively promoting MFB as an employer of choice through delivering a travelling and online exhibition, *35 Years of Operational Women at MFB*. The exhibition launched at the Australian Centre for Moving Image (ACMI) in Melbourne and celebrates MFB's history of gender inclusion. This year, MFB led a Victorian emergency sector event at Federation Square to highlight career and volunteer choices for people in emergency management. MFB also led and participated in a variety of initiatives aimed at social reform, notably the Women and Firefighting Australasia conference, the Emergency Management Conference and the 16 Days of Activism campaign to end global gender-based violence.

Influential leadership

MFB works closely with our emergency services sector partners to provide leadership development that is consistent across the fire and rescue sector. MFB leaders have completed industry-specific leadership development qualifications along with MFB's ongoing investment in leaders connecting to their community values through the 'Williamson Leadership Program'. Planning for fire and rescue services industry development focused on emerging leaders has also commenced in collaboration with our emergency management stakeholders, to ensure that Victoria's fire and rescue services are led by engaged and values-driven leaders.

EBA update

MFB and the United Firefighters Union Operational Staff Agreement 2016 was approved by the Fair Work Commission on 18 February 2019. MFB is now focused on settling a new agreement for Mechanical Engineering Workshop employees. Negotiations for the Corporate and Technical Employees Agreement are due to commence in May 2021.

Professional development

MFB is committed to fostering a high-performing, safe, respectful and engaged workforce. As part of this commitment throughout 2018-19 MFB has:

- introduced a workforce planning strategy that aims to match capabilities with the changing demands for service and the future role of a firefighter
- moved towards a strategic, structured and informed long-term workforce plan with data-driven decision making for MFB response capabilities
- supported employees to undertake Executive Leadership, Executive Development and Developing Future Leaders programs provided by Australian Institute of Police Management (sponsored by AFAC)
- continued to focus on 'Conversations in the Mess'; an initiative which sees members of the Senior Leadership team meet with employees from other work areas and stations to increase engagement and understanding between leadership and employees.

Valuing our people (continued)

Contemporary workforce conditions (continued)

Firefighter recruitment campaign

MFB and CFA have conducted a joint firefighter recruitment process since 2017 which sees all stages of the selection process conducted jointly by members of both organisations.

During the 2018–19 financial year, in partnership with the CFA, MFB has delivered five Victorian Recruit Firefighter Courses. The five courses delivered 162 (MFB 104, CFA 58) additional career firefighters to the frontline of fire and rescue services.

This is the third year MFB and CFA recruits have trained together as one, and as a result we have made great progress working side-by-side and improving capability to respond to emergencies in urban and rural environments.

Sustainable workforce

MFB continues to invest in recruitment, promotional and specialist training programs to meet our current and future operational requirements.

MFB has trained the majority of its workforce in phase one of our structural firefighting (SFF) training program and is currently delivering the training program to CFA. MFB continues to work collaboratively across the sector on initiatives that strengthen interoperability between the state's fire and rescue services. Initiatives include 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 that enable MFB and CFA firefighters to work together to achieve the best outcomes for community safety.

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

Ethical and respectful culture

MFB is strengthening its position as an exemplary fire and rescue service through focusing on a fair, safe and respectful workplace culture for all employees.

The Culture and Transformation Department has been partnering with key stakeholders to deliver enhanced workforce engagement, and a people-centred approach to support and increase service delivery to the community.

Ethical practice and respectful relationships have guided action, encouraging collaboration and diversity of thought to generate positive change.

High ethical standards are adhered to through a rigorous approach to business practices including the procurement of goods and services that align to government ministerial directions, and decision making regarding safety and community standards.

MFB applies merit and equity principles when appointing employees. 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.



Faces of MFB

“Joining MFB was the best thing I ever did.”



Qualified Firefighter Frances Egan

Qualified Firefighter Frances Egan has worked at MFB for 30 years and offers a unique perspective as both a firefighter and former Communications Centre operator.

Frances is used to getting stares behind the wheel of MFB's control unit.

At just under five feet tall, community members often do a double-take when they see her at the helm of the huge bus on her way to or from an emergency incident.

“It’s like driving a block of flats,” she says matter-of-factly.

“People don’t expect to see a woman, particularly someone of small stature, behind the wheel. And they are often quite shocked.”

But with three decades of experience, including more than 20 years driving Eastern Hill Fire Station’s control unit, Frances is more qualified than most.

She began her career with MFB in January 1988, joining as a communications operator. She remained in this role for nine years until the Victorian Government introduced Intergraph,

a centralised and privatised emergency response service for the state and MFB’s Communications Centre was closed down.

Frances was offered redeployment as a Qualified Firefighter driving and operating MFB’s Control Unit. The new role took some readjusting.

“When I first started, I was the only female on my shift,” Frances recalls.

“It was a bit daunting, but most people were very welcoming.”

Frances quickly became part of the fabric of the fire station at Eastern Hill. Decades on and it’s clear she has no regrets.

“Joining MFB was the best thing I ever did,” she said.

“I love the shift work and the camaraderie. It’s like one big family and you really feel when you go into work that you are making a difference.”

Firefighting runs in the Egan bloodline. Frances’ son Jake graduated as a CFA firefighter in December 2018 following in the footsteps of not one, but both his parents, along with his uncle and grandfather. Between the Egan’s that’s more than 110 years of service.

“I guess you could say he was born into the Brigade,” Frances said.

Valuing our people (continued)



The 1980s was a decade of great change in Australia.

As people actively fought for a fairer society for women, workplaces responded by providing women with greater opportunities to develop a meaningful career.

It was during this period that MFB first opened its doors to women.

Celebrating 35 years of women in operations



“It’s a celebration of an achievement, of initially a few women who decided that no wasn’t a good answer for them.”

Leading Firefighter Rebecca Harding

It was 1983 and 12 recruits had just graduated from the first Communications Recruit Course, ready to embark on a new journey. The group consisted of three men and nine women, all of whom faced a challenging role ahead.

However, it was the women in this course, the first operational women in MFB’s 92-year history, who are the true pioneers of this story, and who set about laying strong foundations for the women who would follow in their footsteps.

“As an organisation we have to focus on best outcome and that means diversity. But we can’t get diversity unless we have women in the fire and rescue service.”

Commander George Arnold

Under the leadership of former Chief Officer Laurie Lavelle, MFB made the decision to open up operational roles to women and further diversify the workforce.

Although many of the women were thrilled with the opportunity to enter the fire and rescue services, there was some scepticism surrounding the logistics of this decision. Previously, crews had been dispatched to incidents by firefighters based in the Eastern Hill Fire Station (FS01) watch room and many questioned if newcomers, who were not firefighters, would be able to do the job.

Fortunately, the new system was a vast improvement for MFB’s operations. Along with the new, high-tech computer-aided dispatch system, the specially trained communications operators exceeded even the most ambitious of expectations.

The Communications Centre operators were incredibly efficient and initial scepticism soon faded as they quickly established themselves in the organisation, removing any doubt about their capability.

Five years later in 1988, MFB welcomed the first women into the ranks of its firefighters.

Three women, Michelle Field, Jacqui Segger and Virginia Forbes (née Bell) joined MFB, marking another key milestone in the organisation’s history. Today, almost 80 women are firefighters at MFB and the organisation is actively looking to recruit more.

In 2018, MFB celebrated two significant milestones relating to women’s contributions to the fire and rescue services: 30 years of women firefighters and 35 years of women in operational communications.

In recognition of this important aspect of the organisation’s history, MFB developed a travelling and online exhibition.

The exhibition highlights the positive experiences women have had working together with their male colleagues while recognising the challenges they faced as trailblazers in a traditionally male-dominated field.

These anniversaries offer MFB a time to reflect on their contribution to building a more equitable Australian society, and these events in our history demonstrate to the community that the organisation is open to everyone.



“I am so fortunate to have predecessors that came before me and paved the way. I don’t think that I would’ve had the courage that they had if I was a first. It’s a huge thing being a first.”

Senior Station Officer Anita Carlin

Valuing our people (continued)

Employee gender and age breakdown

MFB gender and age breakdown*

	Total	Ongoing	2018-19 Temporary	Total	Ongoing	2017-18 Temporary
Gender						
Total	2,388	2,335	53	2,342	2,302	40
Female	273	240	33	248	227	21
Male	2,115	2,095	20	2,094	2,075	19
Age						
Total	2,388	2,335	53	2,342	2,302	40
Under 25	15	13	2	5	4	1
25-34	421	406	15	397	385	12
35-44	601	588	13	574	563	11
45-54	580	571	9	609	600	9
55-64	711	699	12	703	696	7
Over 64	60	58	2	54	54	0

*Numbers differ from employee numbers reported in the 'Our Service Delivery' section on page 19 of this report due to business rules of inclusion/exclusion and extraction date of data as at 27 June 2019 (MFB's last payroll period for 2018-19).

Employee numbers

MFB employee breakdown*

		Operations	Corporate
Headcount	2019	2,000	388
	2018	1,982	360
	2017	1,954	343
FTE	2019	1,999.05	373.01
	2018	1,980.37	344.16
	2017	1,952.55	321.39

*Numbers differ from employee numbers reported in the 'Our Service Delivery' section on page 19 of this report due to business rules of inclusion/exclusion and extraction date of data as at 27 June 2019 (MFB's last payroll period for 2018-19).

MFB operational and corporate employees by gender percentage

	Operations female	Operations male	Corporate female	Corporate male
2019	4.0%	96.0%	50.0%	50.0%
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 2019. 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	0	2	0	1	0	0	0
EO3	12	2	8	1	4	1	0	0
ACFO	17	3	17	3	0	0	0	0
Total	33		28		5		0	

Valuing our people (continued)

Employee gender and age breakdown (continued)

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. This had a significant impact on remuneration figures for the termination benefits category.

Remuneration of Board members	2018-19	2017-18
Short-term benefits	\$142,087	\$136,371
Post-employment benefits	\$13,495	\$12,953
Total	\$155,582	\$149,324

Remuneration of accountable officers	2018-19	2017-18
Short-term benefits	\$515,853	\$510,678
Post-employment benefits	\$20,460	\$31,948
Other long term benefits	\$10,653	\$598
Termination benefits	\$-	\$526,485
Total	\$546,966	\$1,069,709

Remuneration of Executive Officers	2018-19	2017-18*
Short-term benefits	\$7,200,670	\$6,073,277
Post-employment benefits	\$663,349	\$560,290
Other long-term benefits	\$149,976	\$94,895
Termination benefits	\$73,402	\$784,250
Total remuneration	\$8,087,397	\$7,512,712
Total number of Executive Officers	34	35
Total annualised employee equivalent (AEE)	29.69	27.72

* Remuneration varies from total reported in MFB 2017-18 Annual Report due to omission of an Executive Officer employed for part of the year.

MFB unplanned absences

Year	Sick leave %	Family leave %	Sick and family leave %	Hours per FTE	Target hours per FTE	WorkCover %	Total unplanned absences %
2018-19	4.06	2.02	6.08	129	<120	2.31	8.39
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 operational overtime

Actual (\$)	Total operational overtime	Recall overtime	Maintain strength overtime	Fire call	Muster and dismissed	Standby and dismissed	Excess travel	Other
2018-19	37,728,241*	20,315,358	8,879,192	1,809,239	310,377	243,837	2,869,523	3,300,716
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

*Figures represent overtime paid to operational employees during 2018-19. Figure excludes overtime paid to non-operational employees during 2018-19, and excludes overtime worked by operational employees prior to 30 June 2019 but not paid until after 1 July 2019.

Valuing our people (continued)

Employee gender and age breakdown (continued)

Work Cover and injury data

During the 2018–19 financial year, there was a 10 per cent decrease in the number of WorkCover claims received compared to the previous year, with a corresponding 16 per cent decrease in lost time injuries.

The number of mental health claims decreased by five per cent. The rate of mental health claims remains better than that experienced by the Victorian Workers' Compensation Scheme as a whole.

Musculoskeletal injuries remain prevalent. The management of these injuries has improved through MFB's Early Intervention Program which includes funded sessions of physiotherapy or podiatry for employees, regardless of whether the injury is initially work-related or not.

Types of injuries



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

Promotions and appointments

Promotions

Assistant Chief Fire Officer – 3
 Commander – 12
 Senior Station Officer – 16
 Leading Firefighter – 57

Appointments

Corporate – 38
 Recruit Firefighter – 104

Honours and awards

Government House Honours

- Deputy Chief Officer David Bruce – Australian Fire Service Medal
- Acting Deputy Chief Officer Martin Braid – Australian Fire Service Medal
- Commander Michael Tisbury – Australian Fire Service Medal
- Leading Firefighter Colin Campbell – Australian Fire Service Medal

Chief Executive Officer/Chief Officer's Safety Award

- Leading Firefighter Chris Spratt for his important work to introduce the Wedge Door Kit

Chief Executive Officer/Chief Officer's Special Recognition Award

- Employee Support Coordinator Fairlie Morgan for her contribution to mental health at MFB
- Acting Manager Operational Communications Patricia Pereira and Senior Project Officer Russell Smith for delivering the Improved Incident Response Project
- Leading Firefighter Phil McGilvray for his efforts in fundraising and raising awareness of Parkinson's disease at MFB and the wider community

Chief Officer's Scholarship

- Station Officer Stephane Victor for conducting research on best practice for how to deal with high-risk chemical incidents

Chief Officer Commendations

- Station Officer Adrian Newton (awarded posthumously) for his selfless contribution to support firefighter wellbeing, and for his efforts in initiating and championing the *Let Me Know* concept
- Leading Firefighter Rod Dowell for his courageous and selfless act to help rescue occupants at a house fire
- Leading Firefighter Andrew Cliff, Qualified Firefighter John Adcock, Firefighter Level 3 Ross Cowlshaw, Leading Firefighter Chris Hall, Leading Firefighter David Organ, Leading Firefighter Peter Brennan, and Leading Firefighter Andy Meier in recognition of their exemplary performance to help rescue an occupant from a house fire

Executive Officer Commendations

- Station Officer Mark Shield, Qualified Firefighter Michael Goodwin, Qualified Firefighter Simon Ryan, and Leading Firefighter Peter Baddock for distinguished service in response to an emergency medical incident that saved a life under difficult circumstances
- Leading Firefighter Jason Vaughan, Leading Firefighter Kent Begely, Station Officer Anthony Nicholson, Station Officer Xavier Carmody, Station Officer Jarrad Jeffs, and Senior Station Officer David Kelly for demonstrating exemplary teamwork under extreme weather and operational conditions that significantly contributed to a lifesaving rescue
- Commander Phillip Bencraft in recognition of the professionalism and actions demonstrated in response to a motor vehicle crash when off duty

Valuing our people (continued)

Training

VEMTC capability and capacity

The Victorian Emergency Management Training Centre (VEMTC) Craigieburn is a state-of-the-art, purpose-built emergency services training centre, which combines academic and practical learning facilities. The practical learning environment is designed to provide firefighters with a training experience that simulates any emergency scenario they might respond to.

VEMTC delivers key skills capability in a range of urban response environments. Training at the site includes recruit, promotional and specialist programs that are delivered across MFB's operational workforce. VEMTC Craigieburn 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 excellent practical learning environment is used by a range of emergency service organisations for training and multi-agency exercises. Over the 2018–19 year, police, military, ambulance and other emergency services conducted a range of training exercises at the site.

	Course delivered	Total participants	Total training days	Hours per day	Total student contact hours
Organisational					
Victorian Recruit Firefighter Course (VRFC)	5	162	380	10	123,100
Continuation/retention	6	150	48	10	12,000
Leading Firefighter (LFF)	19	76	76	10	3,040
Station Officer (SO)	1	24	77	10	18,480
SO pre-entry	1	59	17	10	472
Senior Station Officer (SSO) pre-entry	1	37	11	10	296
SSO Course	1	16	65	10	10,400
Commander Course pre-entry	1	11	10	10	300
Commander Course	1	12	55	10	5,500
Cert IV Training and Assessment	4	50	14	8	5,600
MFB CFA Secondment Program	1	10	15	10	1,500
TAE Upgrade	11	155	3	8	6,220
TAE LNN Upgrade	1	12	5	8	480

	Course delivered	Total participants	Total training days	Hours per day	Total student contact hours
Operational					
Structural Firefighting (SFF/CFBT)	16	125	38	10	2,500
Structural Firefighting (SFF) Instructor	1	13	15	10	1,950
VRFC Instructor SFF	3	24	6	10	1,440
VRFC SFF	5	162	4	10	6,480
On Shift Driving Instructors	1	4	65	8	2,080
Driver Training Level 1	14	84	8	10	6,720
Trailer Training	2	4	1	8	32
Driving Induction	6	90	2	9	18
ESP Driver Training	4	14	1	8	112
Skid Training	1	8	1	8	64
Marine Coxswain	1	11	52	10	5,720
Ladder Platform	4	16	8	10	1,280
Return to Work Program	16	16	1	10	160
Ultra Large Pumper	3	16	4	10	640
Teleboom	2	8	4	10	640
Driving Control Unit	3	10	3	6	18
MKV Governor Training	10	21	10	3	30
MKV Pumper and Pumper Tanker	1	2	1	4	8
Door Wedge Kit Training	600	168	.2	4	600
Control Unit Driving Bi-Annual Assessments	10	10	5	6	30
Transporter Operations and Driving	1	1	1	4	4

Valuing our people (continued)

Training (continued)

VEMTC capability and capacity (continued)

	Course delivered	Total participants	Total training days	Hours per day	Total student contact hours
External training					
CFA Structural Firefighting (SFF)	10	7	20	8	160
CFA Driving Instructor Induction	1	8	1	8	8
Search and Rescue Dogs	1	36	1	8	288
VRFC Physical Aptitude Test	13	170	12.5	10	125
Ambulance Victoria	2	30	2	8	480
Critical Incident Response Team (CIRT) Victoria Police	6	180	1	6	1,080
K9 Unit Victoria Police	1	28	1	8	8
Breathing Apparatus (BA) Course Victoria Police	1	28	1	10	10
Mobile Intensive Care Ambulance (MICA) Pre-entry Exams	1	20	1	8	8
Special Operations Group Victoria Police	2	36	13	8	104
Air Ambulance Assessment	1	26	1	6	156
Australian Defence Force	1	100	2	8	800
External leadership training and events					
Samoan Fire Service	1	1	14	10	140
Singapore Government Delegates Site Tour	1	6	1	4	4
Auckland Airport Emergency Services	1	7	1	4	4
Air Services Australia	1	6	1	4	4
Thailand Government Delegates Site Tour	1	18	1	4	4
NSW Police Site Tour	1	5	1	4	4
Total Hours					221,301

Faces of MFB

Gordon had aspirations of becoming a firefighter from a young age.



Gordon Bamblett

Indigenous Australian Gordon Bamblett was one of 162 recruits who joined the ranks as an MFB firefighter over the 2018–19 financial year.

Gordon's graduation in July 2018 coincided with Australia marking NAIDOC week, a time when MFB and other fire and rescue services across Australia celebrated the rich culture, history and achievements of our First Nation's people.

Gordon had aspirations of becoming a firefighter from a young age. His first introduction to firefighting came after a visit to his local fire station near Robinvale, a small town south-east of Mildura.

Before joining MFB, Gordon worked as a Social and Emotional Wellbeing Project Officer at the Victorian Aboriginal Community Controlled Health Organisation, which is the peak body that represents all Indigenous Australian community controlled health organisations in Victoria.

His work was focused on improving outcomes for communities affected by drug and alcohol across the state.

Gordon hopes to draw on his extensive experience working with people from a range of backgrounds, and his skill for building relationships with diverse members of the community throughout his firefighting career.

Gordon and his family are from the Gunditjmarra, Yorta Yorta, and Warlpiri nations. His parents, grandmother, partner and three-year-old son and other relatives attended his graduation ceremony to help celebrate his achievement.

MFB is actively seeking to recruit people from diverse backgrounds so that emergency responders better reflect the community they serve. Throughout 2018–19, MFB's newest firefighters came from a range of backgrounds and with a wealth of life experience.

Gordon's story is an inspirational one, and MFB hopes that more people who identify as Indigenous Australians will consider firefighting as an appealing career path in the future.

Delivering exceptional service

Major initiatives

Strategic and operational information communication technology services at MFB

MFB continues to deliver business-as-usual Information Communication Technology (ICT) services across the organisation, and successfully implemented several application and infrastructure continuous improvement and asset refresh works (SAP Enterprise Resource Planning, intranet, network, perimeter security and data storage).

The MFB Board recently ratified the MFB 2019 ICT Roadmap, a five-year plan aimed at further improving information technology capability and alignment with organisational strategic and operational goals and objectives, including the 2019–20 financial year budget to support the ICT Roadmap.

The purpose of the roadmap is to establish and maintain the necessary capability, processes and technology that will modernise our ICT environment, and provide a platform on which to implement technological initiatives that mitigate risk, improve integration, and support operational and strategic alignment.

Whole-of-life asset management

MFB maintains a significant portfolio of assets ranging from fire appliances, fire stations and operational equipment through to communications infrastructure, desktop environments and firefighting personal protective equipment.

Initiatives to improve asset management practices within MFB throughout 2018–19 included:

- targeted and detailed completion of asset management plans for selected areas
- trialled new software within various areas of Technical Operations to manage asset information.

During early 2019, an assessment of asset management maturity across MFB was completed. This assessment resulted in the development of a clear roadmap to further embed and improve asset management across the organisation.

Fleet upgrades

Work has commenced on developing the next generation of rescue pumpers which will see a substantial shift in how MFB provides fire and rescue services to the community.

New firefighting appliances continue to be commissioned as part of MFB's ongoing appliance replacement program which includes a series of projects spread across multiple financial years.

During 2018–19, six pumper tanker appliances were commissioned, with the build of six additional pumper tankers underway. MFB is on track to replace six heavy rescue units, and an ultra-large pumper and a ladder platform appliance are nearing completion.

In addition, all MFB pumpers have now been fitted with a battery powered combi-tool, which will ensure firefighters responding to emergencies can gain quicker access to buildings, cars and machinery.

Fire station refits and builds

This year MFB has overseen the planning, relocation, construction and opening of new fire stations and worksites across the Metropolitan District. The new Fire Station 49 (North Laverton) in Derrimut is set to become Australasia's first five-star sustainable fire station on the Green Star rating system.

Two new stations, Fire Station 20 at Box Hill and Fire Station 45 at Brooklyn have both received town planning approval and are expected to move into construction in 2020.

Firefighters from Fire Station 24 officially moved into the newly-commissioned Glen Iris Fire Station at 1721 Malvern Road in August 2018.

MFB's Western District office was relocated from Sunshine to the Brooklyn offices which were obtained as part of the Brooklyn Fire Station land acquisition.

MFB has purchased the land next door to the Broadmeadows Fire Station, which will allow for planning of a significant refurbishment/rebuild to commence to enable the required accommodation needs for this station to be met.

Design phases have been initiated for half-life refurbishments at Ringwood Fire Station 22, Deer Park Fire Station 43 and Taylors Lakes Fire Station 48 to ensure our firefighters have access to fit-for-purpose, contemporary facilities.

Fire Equipment Services has been relocated to a newly-leased facility in Bayswater and a lease for additional corporate accommodation has been executed at 215 Spring Street to provide sufficient accommodation for the Eastern Hill precinct.

Environmental compliance and sustainability

MFB's environmental policy was established to meet government requirements and to reduce MFB's environmental impact on the community. 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.

MFB's Environmental Policy and Environment Strategy (with targets and actions) are governed by the following principles:

- to be resource efficient by decreasing energy, water consumption and the generation of waste within our corporate and firefighting operations
- to continually improve our Environmental Management Systems (EMS) to enhance environmental performance and to fulfil our compliance obligations
- to undertake robust monitoring and regularly review our targets, objectives, actions and policies to align with both government and community expectations
- to increase adaptation and resilience of MFB and the community, resulting in the growing awareness of the effects of climate change, and in the aftermath of a series of recent natural disasters
- to promote sustainable development and sustainable behaviours within our own organisation, our emergency services partners and the community.



Delivering exceptional service (continued)

Major initiatives (continued)

Environmental indicator report

Total energy usage differentiated by primary source gigajoule (GJ)

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Energy consumption	GJ	48,555	50,592	54,925	48,520	4.27%	-7.89%	4.19%
Energy consumption per FTE	GJ per FTE	21.8	21.0	23.6	21.2	-1.02%	-11.09%	-3.75%
% green power purchased	Percentage	8%	23%	20%	23%	0.00%	3.00%	189.76%
Greenhouse emissions (electricity)	tCO ₂ -e	8,219	9,763	11,488	9,511	2.65%	-15.01%	18.79%
Greenhouse emissions (natural gas)	tCO ₂ -e	1,177	1,139	1,085	882	29.16%	4.99%	-3.21%
Total MFB greenhouse emissions from these sources	tCO ₂ -e	12,374	10,902	12,573	10,393	4.90%	-13.29%	-11.89%

Total units of office waste disposed of by destination (kg)

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Landfill waste	kilograms	NR	298,440	999,947.52	NR	NR	-70.15%	NA
Commingled recycling	kg	NR	149,212	138,009.46	NR	NR	8.12%	NA
Total waste	kg	NR	447,652	1,137,956.98	NR	NR	-60.66%	NA
Recycling rate	Percentage	NR	33.33%	12.13%	NR	NR	174.79%	NA
Greenhouse emissions (landfill waste)	tCO ₂ -e	NR	417.81	1,399.93	NR	NR	-70.15%	NA

Paper usage results

Indicator	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
0-49% recycled	A4 ream	NR	2,762	2,821	3,102	-10.96%	-2.09%	NA
75-100% recycled	A4 ream	NR	4,465	4,412	4,410	1.25%	1.20%	NA
Total	A4 ream	NR	7,227	7,233	7,512	-3.79%	-0.08%	NA
Paper consumption per FTE	A4 ream	NR	3.0	3.1	3.3	-9.17%	-3.31%	NA

Water usage results

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Total metered consumption	kL	30,031	38,834	45,537	40,061	-3.06%	-14.72%	29.31%
Consumption per FTE	kL per FTE	13.5	16.1	19.6	17.5	-7.96%	-17.82%	19.31%

NR - Not recorded
GJ - Gigajoule
tCO₂-e - tonnes of carbon dioxide equivalent
FTE - full-time equivalent
kL - kilolitres
percentage change negative result - reduction
percentage change positive result - increase

Delivering exceptional service (continued)

Major initiatives (continued)

Environmental indicator report (continued)

Sustainable transportation

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Fuel consumption (Diesel)	GJ	NR	33,518	33,857	NR	NR	-1.00%	NA
Fuel consumption (Unleaded)	GJ	NR	10,422	10,352	NR	NR	0.67%	NA
Fuel consumption (BioDiesel)	GJ	NR	139	661	NR	NR	-79.03%	NA
Fuel consumption (LPG)	GJ	NR	220	275	NR	NR	-20.13%	NA
Total fuel consumption	GJ	40,762	44,298	45,145	41,303	7.25%	-1.88%	8.67%
Consumption per FTE	GJ per FTE	22	18	18	18	2.07%	3.80%	-16.49%
Total distance travelled	kilometres	5,313,338	5,912,245	5,333,628	5,778,076	2.32%	10.85%	11.27%
Greenhouse gas emissions	tCO ₂ -e	2,978	3,240	3,264	2,878	12.59%	-0.71%	8.81%
Diesel	tCO ₂ -e	NR	2,484	2,509.12	NR	NR	-1.00%	NA
Unleaded	tCO ₂ -e	NR	742	737.01	NR	NR	0.71%	NA
BioDiesel	tCO ₂ -e	NR	0	0	NR	NR	0.00%	NA
LPG	tCO ₂ -e	NR	14	17.5	NR	NR	-19.13%	NA
Total travel per FTE	kilometres per FTE	2,861	2,452	2,290	2,462	-0.40%	7.08%	-14.29%

Total distance travelled via air

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Total distance travelled	kilometres	NR	683,271	614,671	NR	NR	11.16%	NA
Greenhouse gas emissions from air travel	tCO ₂ -e	NR	162.87	121.77	NR	NR	33.75%	NA

Greenhouse emissions

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Operation Time	Hours	NR	1424	1383	1224	16.34%	2.96%	NA
Total fuel consumption	GJ	NR	1625.21	1083.94	NR	NR	49.94%	NA
Greenhouse gas emissions from Marine operations	tCO ₂ -e	NR	120.10	75.75	NR	NR	58.53%	NA

Greenhouse emissions

Description	Unit of measure	2005-06 baseline	2018-19	2017-18	2016-17	% Change 2016-19	% Change 2018-19	% Change from baseline
Electricity use	tCO ₂ -e	8,219	9,763	11,488	9,511	2.65%	-15.01%	18.79%
Gas use	tCO ₂ -e	1,177	1,139	1,085	882	29.16%	4.99%	-3.21%
Vehicle use	tCO ₂ -e	2,978	3,240	3,021	2,878	12.59%	7.26%	8.81%
Air travel	tCO ₂ -e	NR	162.87	121.77	NR	NR	33.75%	NA
Marine operations	tCO ₂ -e	NR	120.10	75.75	NR	NR	58.55%	NA
Total MFB GHG emissions from these sources	tCO ₂ -e	12,374	14,426	15,792	13,271	8.70%	-8.65%	16.58%
Total MFB GHG emissions reductions from GreenPower purchases	tCO ₂ -e	NR	-2,070	NR	NR	NR	N/A	N/A

NR - Not recorded
GJ - Gigajoule
tCO₂-e - tonnes of carbon dioxide equivalent
FTE - full-time equivalent
kL - kilolitres
percentage change negative result - reduction
percentage change positive result - increase

Delivering exceptional service (continued)

Major initiatives (continued)

Strategic Location Plan

Since 1987, MFB has conducted reviews every decade on the strategic location of its fire stations. Throughout the 2018–19 financial year MFB undertook a review of its resources in order to continue to deliver the most efficient and effective emergency response activities beyond 2020.

The Strategic Location Plan (SLP) forms a critical element of MFB's response model and seeks to ensure MFB's performance measures can be achieved.

The SLP Project team, which includes members from MFB's Operational Response and Business Intelligence Geographical Information Systems units, combined road network travel information, historical structure fire, Emergency Medical Response, and road crash rescue response data with relevant demographic datasets to provide a strategic response and infrastructure planning overview. Further clinical analysis of the plan will continue through 2019 and 2020.

Improved Incident Response Project

During the 2018–19 financial year, the Improved Incident Response Project has worked with key stakeholders to review and implement changes that support both response and MFB's operational preparedness in meeting MFB and Emergency Management Victoria's shared vision of building a safer and more resilient community.

The works undertaken have resulted in reduced emergency response times, and timely response of specialist units.

The program of works completed during 2018–19 includes:

- the development to proof of concept of an application that will support firefighters in determining risk associated with response to emergency incidents at 'High Risk Premises' within the Metropolitan District
- a review and modification of all response data and preparation of associated changes loaded to the Emergency Services Telecommunications Authority's computer-aided dispatch system (CAD)
- a comprehensive review and modelling of all freeways, arterials and internal waterways to draw unique emergency routing and improve incident response.

Specialist teams

Rope Rescue (HART and Low Angle Rescue)

MFB's Rope Rescue Unit sits within the Technical Operations Department and incorporates the High Angle Rescue Techniques (HART) and Remote Piloted Aircraft Systems (RPAS) disciplines.

Firefighters qualify as HART technicians after an intensive six-week course where the technicians also qualify in Confined Space Rescue. HART technicians perform many different types of rescue in the Metropolitan District and across Victoria in a multi-agency environment.

In the 2018–19 financial year, MFB had 89 HART Technicians spread across the five districts and other MFB departments.

Remote Piloted Aircraft Systems (RPAS)

In 2011, MFB was the first fire and rescue service in Australia to develop a Remote Piloted Aircraft Systems (RPAS) drone capability for use in operational firefighting. Our current capacity is a fleet of nine RPAS and 15 pilots and is expanding. Before Summer 2019, MFB is set to run four RPAS Pilot courses, which is expected to take the current contingent of pilots up to 36.

The amount of requests for MFB RPAS capability during emergency incidents has grown immensely over the last eight years, with regular requests from MFB Incident Controllers, Fire Investigation, the Coroner, Victoria Police, the Country Fire Authority and other organisations.

Marine

The 2018–19 financial year has been one of growth for MFB's Marine Department. The development of a Marine Concept of Operations has clarified the future capabilities and direction of MFB's marine activities and will help ensure MFB's Marine Department is best placed to meet its statutory obligations.

The establishment of a dedicated Marine Training Centre at the Pier 35 has ensured that the specialised training requirements of Marine employees can be accommodated.

The year saw the training and completion of a Coxswains Course and work commence on the development of an MFB-specific Swift Water Rescue Course, which will be delivered by MFB's Marine Training team as part of future waterway emergency responder courses.

Urban Search and Rescue

MFB's specialist Urban Search and Rescue (USAR) firefighters play a vital role in a number of complex rescues and protracted emergency scenarios across metropolitan Melbourne, Victoria and Australia.

Throughout 2018–19 MFB completed phase two of the USAR Skills Maintenance cycle which sees CAT 2 technicians from MFB, Country Fire Authority, Victorian State Emergency Service (SES), and Ambulance Victoria receive training in concrete cutting and breaching, working with structural steel under load, cutting and removal, along with the maintenance and upgrades of equipment.

The USAR Department continues to work closely with operations personnel from MFB's Community Resilience Department to ensure firefighters are prepared to respond to any emergency which may occur at various tunnelling projects underway across Melbourne.

In addition, MFB continues to provide assistance and knowledge to the Melbourne Metropolitan Rail Project and Cross Yarra Partnership consortiums. Firefighters from all platoons have been educated on these projects and MFB emergency response plans, with site familiarisation visits being coordinated in the future.

The Heavy Rescue Unit has completed a skills maintenance program and continues to work closely with Operational Training to ensure skills upgrades required for equipment purchased for MFB's new heavy rescue fleet.

The Decontamination, Exit, Breathing Apparatus Service, Rehab and Staging (DEBRiS) Project which incorporates post-fire hygiene protocols to decrease firefighter exposure to toxic or asbestos by-products of combustion, is in its final stages. Throughout the 2018–19 financial year MFB trained more than 80 per cent of operational employees. The roll-out of the trial is set to commence next financial year once required equipment has been placed on all primary appliances across MFB's fleet.

Hazmat

MFB's Hazmat Department incorporates the Hazmat and Breathing Apparatus (BA) units. The core role of the department is to support operational crews and build capability in the areas of Hazmat and BA. A strong focus on operations involves assisting on-shift crews with equipment maintenance, training, and operations, including responding on-call scientific advisors to offer advice and technical interpretation during hazmat emergencies.

Throughout 2018–19, the Hazmat Unit:

- conducted debriefs following significant fires requiring Hazmat response and identified and commenced implementation of improvement opportunities
- implemented a hazmat asset upgrade and replacement schedule for specialised equipment and detectors
- conducted hazmat training for 112 Hazmat technicians, 73 BA service technicians, 140 HART technicians, and eight Fire Investigation and Analysis specialists within MFB
- conducted training for external agency partners including Australian Capital Territory Fire and Rescue, Ambulance Victoria, and Aviation Rescue firefighters.

Throughout 2018–19, MFB's BA Unit:

- delivered and processed 643 MSA brand G1 BA sets, ensuring readiness for service for the Respiratory Protection Replacement Project
- commissioned three new air compressors across three locations within MFB
- established a second BA work location at Millers Road, Brooklyn to accommodate work on the MSA brand G1 BA sets
- established a contingency plan for use of Draeger brand BA sets during implementation of MSA G1 sets.

Working with others

Major initiatives

State emergency management processes and response

MFB continues to strengthen and seek relationships with emergency management partners across Victoria and Australia, with the shared goal of reducing the impact and consequence of fire and other emergencies on the community.

With a renewed focus on enhancing our technical response capability and service delivery, MFB has continued to incorporate elements of interoperability into a number of processes.

During the 2018–19 financial year MFB has introduced common doctrine and joint standard operating procedures that focus on risk mitigation, improving employee safety, and which enhance MFB's capability to deliver an exemplary service across the state and beyond.

A collaborative approach to firefighting, appliance design, and the selection of new equipment has streamlined operational training and joint response to incidents.

All Victorian firefighters have begun to receive upgraded breathing apparatus (BA) following an interoperability initiative announced in 2017–18. The new BA sets have significantly improved the safety, efficiency, and interoperability of firefighters on the front line across Victoria.

During the fires in East Gippsland over the summer season, MFB supported our partner agencies by providing incident management employees, impact assessors, scientific advisors and remote piloted aircraft, significantly contributing to response efforts.

Operational support was also provided throughout the past year across a number of technical rescue disciplines in support of other agencies across the state.

State Capability Framework

MFB's wide range of skills and capabilities contribute to Victoria's emergency management operations. MFB's Capability Framework was developed during the 2018–19 financial year, and establishes what MFB needs to do as an organisation to continue to be effective and highlights the way it will manage service delivery to be an agile, responsive, people-focused and connected organisation.

The framework sets the foundation for the Capability Plan which identifies and describes the fundamental inputs to MFB capability, and the outcomes that will be achieved.

Victorian Protective Data Security Framework

MFB's Victorian Protective Data Security Framework promotes continuous improvement of information security practices, manages information and data risks and promotes innovation, ensuring that the right people have access to the right information at the right time.

On 31 August 2018 MFB submitted the required High Level Protective Data Security Plan for Multiple Organisations, which included an attestation to the current status of MFB compliance. As of 31 August 2018 MFB had either implemented key activities or was in the process of implementing key activities.

A collaborative approach to firefighting, appliance design, and the selection of new equipment has streamlined operational training and joint response to incidents.

Fire safety advocacy

MFB continues to work with key partner agencies, government, regulators, business and the community in advocating for regulatory and policy reform across the built environment.

MFB advocates for improved firefighter and community safety through representation on various national, state, agency and industry committees and via strategic reports, regulatory impact statements and formal submissions to coronial and parliamentary inquiries.

In May 2019, MFB provided a submission and gave evidence to the Parliament of Victoria Legislative Council Environment and Planning Committee Inquiry into Recycling and Waste Management following a number of significant fires and the impact on firefighter and community safety as a result.

Taskforces

Victorian Cladding Taskforce

MFB continues to play an active role in the Victorian Cladding Taskforce (VCT) alongside our sector partners. MFB is actively contributing to the audit review process hosted by the Victorian Building Authority (VBA) for buildings that have been identified as involving the non-compliant use of combustible cladding.

This process aims to identify where cladding is being inappropriately used in the built environment and ensures MFB has input into intervention aspects during the assessment process for these buildings.

Resource Recovery Facilities Audit Taskforce

MFB continues to play a key supporting role to the Resource Recovery Facilities Audit Taskforce led by the Environment Protection Authority alongside our sector partners.

MFB is committed to responding strategically to changes in the operating environment including current challenges in the recycling and waste industries.

MFB has a significant role to play given the substantial impact of fires that have occurred in recent times. To support improvements in firefighter and community safety, MFB is principally engaged in the taskforce to ensure it is informed and has operational planning in place in the event that a major emergency occurs.

CBD Security Taskforce

MFB continues to play an active role in the CBD Security Taskforce along with our emergency management partners. Throughout 2018–19, significant works have been undertaken to enhance the safety of the public across a number of sites within Melbourne's Central Business District.

MFB has been engaged throughout the design process to ensure the system effectively meets the operational requirements, and does not negatively impact operational response.

Field Emergency Response Guide

Victorian firefighters encounter a wide variety of unique emergency situations throughout their service to the community, and ensuring all firefighters return home from work safely remains MFB's top priority. The development and completion of the *Field Emergency Response Guide* (FERG) this financial year represents a significant milestone in the fire and rescue services partnership between MFB and CFA.

It is the first version of a document common to both agencies, developed collaboratively and in the interest of interoperability, paving the way for closer working relationships and methods of operating on the fireground. The guide contains information based on robust processes, experiences and collaboration between the services.

The guide was finalised in June 2018 and was released to all Victorian fire service personnel in September 2018.

Faces of MFB



Andrew Wood leading the way in disaster management

In September 2018, MFB Station Officer Andrew Wood took up the opportunity to complete a volunteer placement in Vanuatu through the Department of Foreign Affairs and Trade (DFAT), as part of the Australian Volunteer International Program.

Andrew has been working with the Vanuatu National Disaster Management Office (NDMO) as an advisor, to improve their capability in disaster and emergency management, and build community resilience.

Vanuatu is ranked as one of the most dangerous countries in the world due to the sheer volume and variety of natural disasters that occur annually. As far as disaster management is concerned, Vanuatu is geographically challenging. There are more than 80 islands and 75 per cent of the country is without access to electricity, communication channels, or proper healthcare.

Since relocating to Vanuatu, Andrew has experienced two volcanic eruptions that resulted in thousands of people being evacuated across multiple islands, two mid-category cyclones that caused medium damage, one large earthquake also with significant damage, and one tsunami that caused major damage on a southern island.

His work has seen him travel to many of Vanuatu's remote islands in order to support provincial governments with their emergency management arrangements. He has also travelled to Fiji to support nearby Melanesian countries in developing their Emergency Operations Centres training, which is supported by the Pacific Islands Emergency Management Alliance (PIEMA) and AFAC's twinning arrangement that MFB participates in with Samoa.

Amidst responding to crisis, Andrew's role includes reviewing and developing national disaster plans including the National Earthquake and Cyclone Plan, developing standard operating procedures for the National Emergency Operations Centre (NEOC), training NDMO personnel along with other relevant agency employees, delivering Provincial Emergency Operations Centre training to the provincial disaster committees, and the coordination of international NGOs to improve understanding of NDMO response operations at a senior management level.

Andrew said he had learnt a lot about international emergency response through his interactions with large international organisations, agencies and governments.

"It has been interesting to see how a small team of 12 members within the NDMO are able to work together to manage what has been a constant flow of medium-level disasters," Station Officer Woods said.

"It has also been interesting to compare the similarities in emergency response structures between Victoria and Vanuatu, albeit we're on a much tighter budget and with very limited resources here."

Vanuatu places a large emphasis on community response, assessment and recovery during disasters, which is why it is so important for the community to continue to build resilience and share knowledge on disaster management.

The experience has also offered Andrew a deeper insight into the process of foreign funding for response and recovery activities from Australia and New Zealand, and specifically how that funding is developed and then implemented at a national and international level.

Andrew and his family are enjoying their time in Vanuatu and have relished overcoming new challenges together and learning about, and from, the local community.

Governance

Governing legislation

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

MFB's principal decision-making powers affecting members of the public are enshrined within the MFB Act and the Metropolitan Fire Brigades (General) Interim Regulations 2018 (MFB Regulations).

MFB derives its operational powers from the MFB Act, the 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*, *Dangerous Goods Act 1985*, *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 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 20 October 2019. Emergency Management Victoria has advised MFB that in light of the major reforms of Victoria's fire services introduced by the new *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* ('new Act'), the Minister has sought a certificate of exemption from the Premier under the Subordinate Legislation Act, to re-make the MFB Regulations without a Regulatory Impact Statement for a further period of 12 months. This will allow the MFB Regulations to remain in place pending the development of contemporary new regulations to support the commencement of parts 3–11 of the new Act on a date or dates to be proclaimed.

Governance arrangements

MFB's governance arrangements comprise a range of documented policies, procedures and practices which assist MFB to comply with its legislative obligations, and adhere to public sector values and standards. These include:

- the Board's Governance Charter, which sets out the composition, roles, and accountabilities of the Board, Board Committees, and their members
- a policy framework which provides for the development, approval, publication, implementation and review of organisational policies and procedures
- individual policies addressing governance, financial integrity, and strategic issues (such as risk management, conflict of interest, financial delegations and authorisations, protected disclosures, and gifts, benefits, and hospitality) which the Board approves periodically
- policies addressing operational matters are periodically approved by management
- an organisation-wide compliance framework, including a legislative Compliance and Obligations Register
- an organisation-wide integrity 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.

Governance (continued)

MFB's Board (continued)

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.

Board members in office for the 2018–19 financial year were:

- Jasmine Doak (appointed to the Board on 6 June 2017, appointed President on 20 February 2018)
- Stuart Alford (appointed to the Board on 13 September 2013, term ended 30 September 2018)
- Kylie Hall (appointed to the Board on 15 November 2016)
- Fiona Chamberlain (appointed to the Board on 27 March 2017, resigned effective 8 July 2019)
- Gennaro Fittipaldi (appointed to the Board on 28 November 2017)
- Peita Duncan (appointed to the Board on 10 January 2018)
- Greg Sword (appointed to the Board on 14 March 2018)
- Frances Diver (appointed to the Board on 1 October 2018)

The Board met on 16 occasions in 2018–19.

Executives, operational employees 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 or perceived, between their interests and the duty owed to MFB and the Victorian Community. The Secretary maintains a register of members' interests. A schedule of Board members' interests is provided to each Board meeting for Board members' information.

All Board members and employees 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 employees 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.

Membership for 2018–19

- Stuart Alford (term ended 30 September 2018, commenced as an advisor 1 October 2018)
- Fiona Chamberlain (resigned effective 8 July 2019)
- Peita Duncan
- Frances Diver (appointed to the Board on 1 October 2018)

People Safety and Wellbeing Committee

This committee assists the Board to fulfil its responsibilities for MFB people, health, safety culture, and wellbeing. The committee provides assistance to the Board that MFB has the systems in place to identify and effectively manage relevant risks and achieve its workforce capability, health, safety, cultural and wellbeing objectives.

Membership for 2018–19

- Kylie Hall (Chair)
- Greg Sword
- Gennaro Fittipaldi

Finance Committee

This committee assists the Board in discharging its financial management responsibilities to support well informed, strategic decision making on the MFB's management and use of allocated financial resources, and provides assurance to the Board on the financial status of MFB.

Membership for 2018-19

- Stuart Alford (Chair until 30 September 2018, commenced as an advisor 1 October 2018)
- Greg Sword (Chair from 1 November 2018)
- Gennaro Fittipaldi
- Frances Diver (appointed to the Board on 1 October 2018)

Executive Remuneration Committee

The whole Board acts as the Executive Remuneration Committee and met on 24 September 2018 and 24 June 2019 and at other times as required.

Fire and Emergency Services Committee

The intention of this Committee was to facilitate a biannual forum for MFB Board members and Operational leaders to interact and exchange information regarding frontline service delivery matters that may impact MFB's statutory responsibilities.

Membership for 2018-19

- Peita Duncan (Chair)
- Fiona Chamberlain (term ended 8 July 2019)
- Kylie Hall

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.

Attendance by Board members

Board Member	Board Meetings		Audit, Risk and Compliance Committee		People Safety and Wellbeing Committee		Finance Committee		Fire and Emergency Services Committee		Executive Remuneration Committee	
	No. meetings attended	No. meetings eligible to attend	No. meetings attended	No. meetings eligible to attend	No. meetings attended	No. meetings eligible to attend	No. meetings attended	No. meetings eligible to attend	No. meetings attended	No. meetings eligible to attend	No. meetings attended	No. meetings eligible to attend
Jasmine Doak	15	16	1	1*	N/A	N/A	N/A	N/A	N/A	N/A	1	2
Stuart Alford	3	3**	2	2**	N/A	N/A	3	3**	N/A	N/A	1	1**
Kylie Hall	13	16	N/A	N/A	4	4	N/A	N/A	1	1	2	2
Fiona Chamberlain	11	16	3	5	N/A	N/A	N/A	N/A	1	1	N/A	N/A
Gennaro Fittipaldi	9	16	N/A	N/A	2	4	8	12	N/A	N/A	1	2
Peita Duncan	14	16	3	5	N/A	N/A	N/A	N/A	1	1	2	2
Greg Sword	15	16	N/A	N/A	4	4	11	12	N/A	N/A	2	2
Frances Diver	13	13***	3	3***	N/A	N/A	8	8***	N/A	N/A	1	1***
Total number of meetings held for 2018/2019	16		5		4		12		1		2	

* Jasmine Doak, President of the Board attended the Audit, Risk and Compliance Committee meeting to ensure a quorum was met.

** Stuart Alford's tenure as a member of the Board ended on 30 September 2018. He then attended Finance Committee meetings and Audit, Risk and Compliance Committee meetings as an advisor from 1 October 2018. This information is not captured in the table above.

*** Frances Diver was appointed to the Board on 1 October 2018.

Governance (continued)

MFB's Board (continued)

Internal control

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

- Strategic and Business Plan – MFB's performance in delivering organisational 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
- MFB Plan
- 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.

MFB's Compliance Framework

MFB's Compliance Framework is a structured, organisation-wide approach to managing compliance with MFB's multiple applicable legislative obligations.

MFB's Compliance Framework centralises the management, monitoring, updating and reporting on MFB's compliance with relevant legal obligations, departing from localised practices and providing more consistency and transparency in compliance assessment and reporting to give the Board assurance that MFB is meeting its obligations and effectively managing compliance risks.

The Compliance Framework comprises a suite of compliance tools:

- formal governance arrangements to ensure internal roles and responsibilities for compliance are clearly defined
- MFB's legislative Compliance and Obligations Register
- relevant policies and procedures that support compliance with particular legislative requirements
- implementation tools, including employee information, education and training
- ongoing compliance monitoring and reporting
- regular review and evaluation
- continual updating and improvement to align with legislative changes and address MFB's new and emerging compliance risks.

A core component of the framework is the Compliance and Obligations Register, which records relevant legislative obligations and the policies, systems and practices that will support compliance with the obligations.

MFB's Integrity Framework

To assist MFB employees to adhere to the public sector values and meet the community's expectations of integrity and standards of behaviour set out in the Code of Conduct for Victorian Public Sector Employees, MFB has established a multidisciplinary integrity framework committee to promote the public sector values and enhance MFB's adoption and application of these values on a daily basis.

A major achievement of the work of this committee has been the development of an integrity information program aimed at all levels of the organisation, from recruits right through to senior leaders with sessions and educational materials tailored for the different internal audiences.

Other disclosures

Disclosure of major contracts

MFB is disclosing, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value entered into during the financial year ended 30 June 2019.

In 2018-19 MFB entered into a SAP HANA Enterprise Cloud contract for a three-year term for a total value of \$10.4 million

Compliance with building and maintenance provisions of the *Building Act 1993*

MFB owns and controls more than \$680 million in property assets across Victoria to meet its service delivery requirements. In 2018-19, a property capital program consisting of \$7,532,000 included investigative works, upgrades and refurbishing of existing fire stations, commissioning of the new Fire Station 24 in Glen Iris and acquisition of a new fire station site in Brooklyn. 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 2018-19, the following building permits and/or notices were issued:

Item	2018-19
No. of Greater Works Projects (>\$50,000) ¹	23
No. of Building Permits obtained	8
No. of Occupancy Permits obtained ²	2
No. of Certificate of Final Inspections obtained ³	5
No. of Emergency Orders issued on buildings	0
No. of Building Orders issued on buildings	0
No. of buildings brought into conformity with building standards ⁴	1

¹ Does not include design and documentation work undertaken or works <\$50,000.

² New FS24 Glen Iris Fire Station was commissioned and opened.

³ Some works are awaiting final inspection certificates to be issued.

⁴ New Brooklyn premises was acquired and building upgraded to meet *Building Act 1993* regulations.

Other disclosures (continued)

Compliance with building and maintenance provisions of the *Building Act 1993* (continued)

MFB has implemented extensive mechanisms in place to maintain its critical property infrastructure. These consist of (but not limited to):

- 6-monthly OHS inspections on all MFB controlled worksites (facilities)
- 3-monthly Essential Services inspections and audits
- 6-monthly Emergency and Exit Light testing schedule for all occupied facilities
- 6-monthly cathodic inspections – Eastern Hill Tower and VEMTC gas supply lines
- 6-monthly ‘working safely at heights’ inspection and audits
- quarterly electrical generator testing (where installed)
- 6-monthly plumbing and drainage inspections
- quarterly security assessments
- Division 5 asbestos audits (every five years – where known to exist)
- water system, backflow prevention and interceptor trap testing
- preventative maintenance on mechanical plant
- 6-monthly risk-based roof inspections and gutter cleaning
- 6-monthly periodical cleans of all occupied work locations.

MFB has also entered into preventative maintenance contracts with works schedules ensuring key performance indicators with its main service contractors. The synergy between MFB and its contractors ensure its facilities remain safe for its workforce and compliant with all regulations, at all times.

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

Explanatory notes:

In respect to the Lloyd’s Register MEL 6024248/1742240 AS4801 report dated 22 May 2019 the following non-conformances were recorded within the MFB surveillance audit:

- Burnley – emergency preparedness
- Burnley – workplace inspections
- FES – contractor management.

Actions are being put in place to remedy these non-conformances within three months of the audit report date.

Compliance with the *Disability Act 2006*

In the 2018–19 financial year, MFB continued to improve its compliance with the *Disability Act 2006* with a strong focus on mental health. MFB introduced two new training programs for all employees, Road to Mental Readiness and Mental Health First Aid, to build positive attitudes and practices, and promote inclusion and participation in our community.

MFB also developed a new *Disability Action Plan 2019–20*, which includes a review of our legislative compliance, as well as our attraction and recruitment processes. A key outcome of the plan is to identify and reduce any barriers for people with disability in obtaining employment.

MFB is also undertaking a review of its internet and intranet sites, to ensure digital content complies with WCAG 2.0 accessibility standards (Level AA), enabling broad access to our information and services.

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, the MFB’s *Design and Delivery Manual for New & 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).

Statement on 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 operated by MFB.

Application and operation of the Protected Disclosures Act 2012

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* ('Act') encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act commenced operation on 10 February 2013 and replaced the former *Whistleblowers Protection Act 2001*.

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. MFB is committed to ensuring transparency and accountability in its 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 an external person) 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

MFB's Protected Disclosure Coordinator, is the Manager, Ethical Standards Unit who can be contacted as follows:

Manager, Ethical Standards Unit
456 Albert Street,
East Melbourne VIC 3002

Phone: 9665 9786

Email: protecteddisclosurecoordinator@mfb.vic.gov.au

Other disclosures (continued)

Application and operation of the Carers Recognition Act 2012

MFB has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* ('the Act').

These include the following:

- promoting the principles of the Act to people in care relationships
- ensuring our employees have an awareness and understanding of the care relationship principles set out in the Act
- the development and implementation of an employee awareness strategy about the principles in the Act and what they mean for employees; induction and training programs

- Considering the care relationships principles set out in the Act when setting policies and providing services. We are reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act.

Details of consultancies over \$10,000

In 2018–19, there were 13 consultancies where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2018–19 in relation to these consultancies is \$513,201 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2018–19 (excl. GST)	Future expenditure (excl. GST)
Aon Risk Services	Strategic services for Work, Health and Safety	Oct -18	Jun-19	\$100,000	\$88,750	\$11,250
Deliberate Practice Pty Ltd	MFB People Strategy Development	Sep-18	Sep-18	\$17,600	\$17,600	\$0
Deloitte Touche Tohmatsu	Development of Business Case	Jan-19	Jan-19	\$23,500	\$23,500	\$0
Jacobs Group (Australia) Pty Ltd	Asset Management Accountability Framework Compliance	Mar-19	Jun-19	\$22,229	\$22,229	\$0
Lockton Companies Australia	Workers Compensation Program Assessment	Aug-17	Oct-18	\$150,000	\$100,000	\$0
PriceWaterhouseCoopers	Gender Pay Gap Analysis	Sep-18	Sep-18	\$22,469	\$22,469	\$0
Public Affairs Asia Pacific Pty Ltd	Development of MFB Communications Strategy	Dec-18	Dec-18	\$22,727	\$22,727	\$0
The Civic Group	Development of MFB Stakeholder Strategy	Jun-18	Jul-18	\$18,200	\$18,200	\$0
Way Back When Consulting	Curatorial services to deliver an exhibition celebrating 35 years of operational women at Metropolitan Fire and Emergency Services Board	Sep-18	Jun-19	\$125,926	\$125,926	\$0
PriceWaterhouseCoopers	MFB Board and Executive Strategy	Jun-19	Jun-19	\$25,300	\$25,300	\$0
N Bannister & A Coutsouvelis	Incident Review Investigation	Jun-19	Jun-19	\$10,000	\$10,000	\$0
Samantha Crompvoets Pty Ltd	Review of Agreements	Jun-19	Jun-19	\$20,500	\$20,500	\$0
Parry, Jane Elizabeth	MFB People and Culture Evaluation Framework	Jun-19	Jun-19	\$16,000	\$16,000	\$0

Details of consultancies under \$10,000

In 2018–19, there were four consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2018–19 in relation to these consultancies was \$18,072 (excl. GST).

Disclosure of government advertising expenditure

In 2018–19, MFB did not conduct any advertising campaigns with a total media spend of \$100,000 or greater.

Disclosure of ICT expenditure

For the 2018–19 reporting period, MFB had a total ICT expenditure of \$17,501,555, with the details shown below.

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)	(\$17,501,555)		
\$12,843,899	\$344,788	\$12,843,899	\$4,657,656

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.

Local Jobs First disclosure

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) Policy which were previously administered separately.

MFB is required to apply the Local Jobs First Policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPPP guidelines will continue to apply to MPSG applicable and VIPPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Capital projects and assets investments program

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.

Projects completed – Victorian Industry Participation Policy Standard

During the 2018–19 financial year, there was one project completed with a contract that exceeded \$3 million for which a Victorian Industry Participation Policy was required.

- The total value of the contract for this project was \$8.9 million excluding GST
- The VIPPP Plan commitments achieved as a result of the project commencing include:
 - local content of 94.6 percentage of the total value of the contract
 - three new jobs and one retained job
 - three new apprenticeships/traineeships and two retained apprenticeships/traineeships.

Projects commenced – Local Jobs First Standard

During the 2018–19 financial year, MFB did not commence any Local Jobs First Standard projects. MFB is committed to complying with the *Local Jobs First Act 2003* and will apply the standards as required. MFB will report annually on the outcomes expected from the implementation of any Local Jobs First Standard projects.

Other disclosures (continued)

Application and Operation of the *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 Act). The authorised officers are Ms Sarah McKellar-White, Acting FOI Unit Manager and Ms Jan Smith, Freedom of Information Officer.

The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, statutory authorities, local councils, ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by MFB. This comprises documents both created by MFB or supplied to MFB by an external organisation or individual. The term 'documents' includes maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by MFB is available on MFB's website under its Part II Information Statement.

Under the Act, MFB may refuse access, either fully or partially, to certain documents. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people in certain circumstances; and information provided to MFB in-confidence.

The Act requires requests to be processed in 30 days. In some cases, this time may be extended if the criteria for this are met, for example, when external consultation is required, the processing time for the request is extended to 45 days. The processing time may also be extended by periods of up to 30 days, in consultation with the applicant.

If an applicant is not satisfied by a decision made by MFB, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

When making a request for documents under the Act, applicants must clearly identify the types of documents being sought.

Requests for documents held by MFB 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**

Freedom of Information requests can be lodged online at www.foi.vic.gov.au

An application fee of \$28.40 per request applies. Access charges may also be payable if the document pool is large, and the search for material is time-consuming.

General enquiries relating to freedom of information may be made by contacting the Freedom of Information Officer on (03) 9662 2311.

Freedom of information statistics

During the 2018–19 financial year, MFB received 444 FOI applications.

Applicants	Number	Outcome
Media organisations	2	One matter – access to documents provided in full. One matter – in progress.
Members of parliament	1	Access to documents refused.
United Firefighters Union	1	Partial access to documents provided.
Other members of the public	440	Partial access to documents provided.

MFB made 410 FOI decisions during the 12 months ending 30 June 2019.

Time period	Number
Within the statutory 30 day period	398
With the extended statutory 30–45 day period	12
46–90 days	0
90+ days	0

The average time taken to finalise requests in 2018–19 was 30 days.

During 2018–19, three requests were subject to a complaint/internal review by OVIC with none progressing to VCAT.

Further information

Further information regarding the operation and scope of freedom of information can be obtained from the Act, regulations made under the Act and www.ovic.vic.gov.au

Other disclosures (continued)

Statement of availability of other information

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by MFB and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- a. a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- b. details of shares held by a senior officer as nominee or held beneficially;
- c. details of publications produced by MFB about itself, and how these can be obtained;
- d. details of changes in prices, fees, charges, rates and levies charged by MFB;
- e. details of any major external reviews carried out on MFB;
- f. details of major research and development activities undertaken by MFB;
- 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 MFB to develop community awareness of MFB and its services;
- i. details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j. a general statement on industrial relations within MFB and details of time lost through industrial accidents;
- k. a list of major committees sponsored by MFB, the purposes of each committee and the extent to which the purposes have been achieved; and
- l. details of all consultancies and contractors including:
 - i. consultants/contractors engaged;
 - ii. services provided; and
 - iii. expenditure committed to for each engagement.

The information is available on request from:

Freedom of Information Officer
Metropolitan Fire and Emergency Services Board
456 Albert Street
East Melbourne VIC 3002

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

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

Legislation	Requirement	Page reference
Standing Directions and Financial Reporting Directions		
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Charter and purpose		
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FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	82-83
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FRD 22H	Disclosure of government advertising expenditure	81
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Legislation	Requirement	Page reference
Standing Directions and Financial Reporting Directions		
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FRD 11A	Disclosure of Ex gratia Expenses	145
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	147-149
FRD 103H	Non-Financial Physical Assets	151
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FRD 112D	Defined Benefit Superannuation Obligations	101
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	120
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	<i>Financial Management Act 1994</i>	89

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.

Management discussion and analysis

Executive Summary

The 2018–19 financial year recorded a net result of \$34.3 million deficit, which compares to the \$8.9 million deficit in the 2017–18 financial year. The comprehensive result was a surplus of \$4.0 million after accounting for the revaluation of land which resulted in a revaluation gain of \$38.2 million, compared to the \$8.9 million deficit for the previous financial year.

Comprehensive operating statement

Total income

Income from transactions increased by \$41.6 million (9.4 per cent) to \$484.0 million primarily related to increased base grant income from State Government of \$33.8 million and Treasurer's Advances of \$3.8 million relating to regional deployments. The other key source of income relates to sales of services which decreased from \$45.0 million to \$43.0 million. This income relates mostly to fire suppression systems servicing and false alarm charges; the decrease of \$2.0 million was mainly related to false alarm charges.

Total expenses and other economic flows

Expenses from transactions increased by \$49.2 million (10.7 per cent) to \$507.7 million. The main cause of the increase was employee expenses which increased by \$48.7 million to \$388.5 million; of this increase \$10.4 million relates to increased salaries and leave payments to staff, overtime \$17.9 million and an increase in employee leave benefit provisions \$13.2 million. The advised increase in the ESSS Superannuation rate from 11.0 per cent to 15.6 effective 1 October 2019, accounted for \$5.0 million of the increase.

Included in the net result, is other economic flows that in total resulted in an additional loss of \$10.6 million. The other economic flows reported were: a net loss on financial instruments of \$1.1 million as a result of an unrealised loss on investments valued to market value as at 30 June 2019; as well as, a net \$10.1 million loss primarily reflecting a revaluation of employee leave liabilities to present value caused by decline in discount rates.

When accounting for the net other economic flows loss of \$10.6 million with the net operating balance result of \$23.7 million deficit, the overall net result is \$34.3 million deficit.

The overall comprehensive result for the current financial year was \$4.0 million as a result of the land revaluation surplus of \$38.2 million.

Balance sheet

Assets

Total assets as at 30 June 2019 were \$946.5 million compared to the previous year \$906.7 million, an increase of \$39.8 million. The main reason for the increase was land which had an overall increase in fair value of 11.6 per cent and resulted in a revaluation gain of \$38.2 million.

The employee benefits fund investments at 30 June 2019 totalled \$126.4 million; during the year the fund achieved an overall return of \$8.5 million (6.6 per cent). This return is recorded in the operating statement as investment distributions \$10.4 million, realised loss \$0.8 million on distributions and an unrealised loss of \$1.1 million as the portfolio is valued to market value. The unrealised loss is recorded in the Other Economic Flows on the operating statement

Liabilities

Total liabilities as at 30 June 2019 were \$201.6 million compared to 30 June 2018 of \$165.7 million, an increase of \$35.9 million, of which \$10.0 million relates to department portfolio advance provided on 28 June 2019. Employee-related provisions increased by \$28.8 million as a result of wage increases, wage inflation and discount rate changes.

Equity

The net worth of the MFB as at 30 June 2019 is \$745.0 million which represents 78.7 per cent equity over total assets controlled by the organisation.

*Page 88 (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.

Finance report

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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of MFB at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30 August 2019.



Jasmine Doak
President
Melbourne
30 August 2019



Greg Leach
Acting Chief Executive Officer / Chief Officer
Melbourne
30 August 2019



Glenn Ockerby
Acting Executive Director, Corporate Services
Melbourne
30 August 2019

Finance report (continued)

Financial statements

MFB has presented its audited general purpose financial statements for the financial year ended 30 June 2019 in the following structure to provide users with the information about MFB's stewardship of resource entrusted to it.

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Finance report (continued)

Comprehensive operating statement

For the financial year ended 30 June 2019

		(\$ thousand)	
	Notes	2019	2018
Continuing operations			
Income from transactions			
Grants	2.2	418,157	381,332
Sale of goods and services	2.3.1	42,980	44,975
Interest	2.3.2	759	851
Investment distributions	2.3.3	10,416	4,926
Gain/(loss) on financial instruments - investments	2.3.4	(824)	201
Other income	2.3.5	12,489	10,117
Total income from transactions		483,977	442,402
Expenses from transactions			
Employee expenses ⁽ⁱ⁾	3.1.1	388,489	339,768
Depreciation and amortisation	4.1.1	24,170	24,351
Contract services with State Government entities	3.2	23,709	21,957
Other operating expenses ⁽ⁱ⁾	3.3	71,303	72,364
Total expenses from transactions		507,671	458,440
Net result from transactions (net operating balance)		(23,694)	(16,038)
Other economic flows included in net result			
Net gain on non-financial assets ⁽ⁱⁱ⁾	8.2	643	127
Net gain/(loss) on financial instruments ⁽ⁱⁱⁱ⁾	8.2	(1,138)	4,672
Other gains/(losses) from other economic flows	8.2	(10,086)	2,307
Total other economic flows included in net result		(10,581)	7,106
Net result		(34,275)	(8,932)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	4.1.3	38,240	-
Total other economic flows - other comprehensive income		38,240	-
Comprehensive result		3,965	(8,932)

The accompanying notes form part of these financial statements.

Notes:

(i) Prior year employee expenses were restated to include meal and travel allowances reported under other operating expenses.

(ii) '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

(iii) '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.

Balance sheet

As at 30 June 2019

		(\$ thousand)	
	Notes	2019	2018
Assets			
Financial assets			
Cash and deposits	6.3	12,637	11,710
Receivables	5.1	31,988	20,688
Investments and other financial assets	4.4	126,385	127,866
Total financial assets		171,010	160,264
Non-financial assets			
Inventories	5.3	1,982	1,743
Property, plant and equipment	4.1	720,480	693,860
Investment properties	4.2	39,192	37,132
Intangible assets	4.3	9,813	11,850
Prepayments		4,065	1,840
Total non-financial assets		775,532	746,425
Total assets		946,542	906,689
Liabilities			
Payables	5.2	29,273	31,810
Borrowings	6.1	951	1,189
Employee-related provisions	3.1.2	160,718	131,929
Other liabilities		10,629	755
Total liabilities		201,571	165,683
Net assets		744,971	741,006
Equity			
Accumulated surplus		158,252	192,527
Physical asset revaluation surplus	8.8	461,360	423,120
Contributed capital		125,359	125,359
Net worth		744,971	741,006

The accompanying notes form part of these financial statements.

Finance report (continued)

Cash flow statement

For the financial year ended 30 June 2019

		(\$ thousand)	
	Notes	2019	2018
Cash flows from operating activities			
Receipts			
Receipts from government		418,156	381,331
Receipts from other entities		45,792	62,452
Interest received		758	851
Investment distributions received ⁽ⁱ⁾		10,416	4,925
Goods and Services Tax recovered from the ATO ⁽ⁱⁱ⁾		9,130	8,521
Total receipts		484,252	458,080
Payments			
Payments to suppliers and employees		(480,215)	(436,447)
Total payments		(480,215)	(436,447)
Net cash flows from/(used in) operating activities	6.3.1	4,037	21,633
Cash flows from investing activities			
Payments for investments ⁽ⁱⁱⁱ⁾		(20,411)	(4,920)
Proceeds from sale of investments ⁽ⁱⁱⁱ⁾		20,000	10,000
Purchases of non-financial assets		(12,822)	(31,971)
Proceeds from sales of non-financial assets		10,361	4,171
Net cash flows from/(used in) investing activities		(2,872)	(22,720)
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		927	(1,325)
Cash and cash equivalents at beginning of financial year		11,710	13,035
Cash and cash equivalents at end of financial year	6.3	12,637	11,710

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

Statement of changes in equity

For the financial year ended 30 June 2019

(\$ thousand)

	Notes	Physical asset revaluation surplus	Available- for-sale financial asset revaluation surplus	Accumulated surplus	Contributed capital	Total
Balance at 1 July 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
Net result for the year		-	-	(34,275)	-	(34,275)
Other comprehensive income for the year	8.8	38,240	-	-	-	38,240
Balance at 30 June 2019		461,360	-	158,252	125,359	744,971

The accompanying notes form part of these financial statements.

Finance report (continued)

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

Fire Rescue Victoria

Whilst these statements have been prepared on a going concern basis, the *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (Act) was assented to on 2 July 2019.

Parts 1 and 2 of the Act came into operation on 3 July 2019. Part 1 provides for preliminary matters, including the purposes of the Act. Part 2 provides for the establishment and operation of the Firefighters' Presumptive Rights Compensation scheme, which is administered by the Victorian WorkCover Authority.

The remaining provisions, in Parts 3 to 11 of the Act come into operation on a day or days to be proclaimed (Often, provisions will not come into effect until they are proclaimed. The Governor makes these proclamations. They are legal documents specifying the date(s) of operation and are published in the Government Gazette. The Governor may make several proclamations for one act over time, with different sections commencing at different times.). These provisions will amend the Metropolitan Fire Brigades Act 1958 to abolish MFB and create a new entity, Fire Rescue Victoria (FRV). The Melbourne Fire District will be renamed the FRV Fire District and the boundaries of the district will be expanded to include some outer urban areas and regional centres to address the increased demand, complexity and risk profile of these areas due to population growth, demographic, land use and industrial changes. As a result of the boundary changes, 38 Country Fire Authority career and integrated stations will be located within the FRV Fire District and will become the responsibility of FRV. All of Victoria's career firefighters will become FRV employees and will transfer with their existing entitlements and benefits to FRV. The Act also provides for other Country Fire Authority employees to transfer to FRV by Ministerial direction.

In transitioning to these new arrangements, the new model will not come into effect until mid-2020, which will mean no change for the upcoming 2019 to 2020 fire season. The Government will work closely with volunteers and fire agencies to implement these reforms over the next year, in time for the 2020 to 2021 fire season. On the ground emergency service operations will continue as normal and the community will continue to receive the same high quality services. When FRV commences it will be fully operational with the staff and assets it requires to keep the community safe.

It is expected that there will be an orderly transition of MFB's assets, liabilities, commitments, obligations and rights to FRV upon its eventual commencement. (see note 8.9 Subsequent events).

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.

Finance 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. 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	98
2.2	Grants	99
2.3	Income from transactions	99

2.1 Summary of income that funds the delivery of our services

	Notes	2019	2018
Grants	2.2	414,311	380,512
Treasurer's advance ⁽ⁱ⁾	2.2	3,846	820
Sale of goods and services	2.3.1	42,980	44,975
Interest	2.3.2	759	851
Investment distributions - managed investment	2.3.3	10,416	4,926
(Loss)/gain on financial instruments - investments	2.3.4	(824)	201
Other income	2.3.5	12,489	10,117
Total income from transactions		483,977	442,402

(i) The Treasurer's advance received via the Department of Justice and Community Safety is the State Government's re-imbursement 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 \$418.2 million (2018: \$381.3 million), including Treasurer's advance \$3.8 million (2018: \$0.8 million) and inter portfolio grant of \$0.9 million (2018: \$0.0 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 Sales of goods and services

	(\$ thousand)	
	2019	2018
Fire suppression equipment sales and servicing	23,156	23,518
False alarm charges	10,137	11,694
Charges services	2,688	4,084
Road accident rescue	5,212	3,775
Hazardous materials	58	128
Other – supply of services	1,729	1,776
Total sale of goods and services	42,980	44,975

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 and
- 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.

Finance report (continued)

2.3 Income from transactions (continued)

2.3.2 Interest

(\$ thousand)

	2019	2018
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	354	266
Interest on term deposits with Treasury Corporation Victoria	405	585
Total interest from financial assets not at fair value through profit and loss	759	851

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 2019, MFB had investment distributions of \$10.416 million (2018: \$4.926 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)

	2019	2018
Workers compensation recovered from WorkCover	4,876	4,224
Litigation settlement	3,539	-
Discount received – WorkCover premium	779	-
Insurance recovery	326	4,232
Rental income	295	308
Sundry	2,674	1,353
Total other income	12,489	10,117

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	101
3.2	Contract services with State Government entities	104
3.3	Other operating expenses	105

3.1 Expenses incurred in delivery of services

	Notes	2019	2018
Employee benefit expenses	3.1.1	388,489	339,768
Depreciation and amortisation	4.1.1	24,170	24,351
Contract services with State Government entities	3.2	23,709	21,957
Other operating expenses	3.3	71,303	72,364
Total expenses incurred in delivery of services		507,671	458,440

3.1.1 Employee benefits in the comprehensive operating statement

	2019	2018
Salaries and wages, annual leave and long service leave ⁽ⁱ⁾	262,353	251,964
Overtime	39,777	21,883
Defined benefit superannuation expense	25,026	22,446
Defined contribution superannuation expense	2,044	1,952
Movement in employee leave benefit provisions	21,566	8,346
Payroll tax	16,190	14,083
WorkCover	15,561	13,943
Travelling/meal allowance	4,696	3,954
Fringe benefits tax	1,276	1,197
Total employee expenses	388,489	339,768

(i) Prior year salaries and wages were restated to include an amount related to meal and travel allowances reported in travel expenses.

Finance report (continued)

3.1.1 Employee benefits in the comprehensive operating statement (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)	
	2019	2018
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	25,240	21,648
Unconditional and expected to settle after 12 months	17,850	14,933
Accrued leave		
Unconditional and expected to settle within 12 months	693	603
Unconditional and expected to settle after 12 months	5,518	4,498
Long service leave		
Unconditional and expected to settle within 12 months	7,079	6,985
Unconditional and expected to settle after 12 months	67,873	56,979
Provisions for on costs		
Unconditional and expected to settle within 12 months	7,951	5,764
Unconditional and expected to settle after 12 months	20,721	14,137
Total current provisions for employee benefits	152,925	125,547
Non-current provisions:		
Long service leave	6,309	5,369
On costs	1,484	1,013
Total non-current provisions for employee benefits	7,793	6,382
Total provisions for employee benefits	160,718	131,929

Reconciliation of movement in on-cost provision

(\$ thousand)

	2019	2018
Opening balance	20,914	20,230
Additional provisions recognised	26,539	9,660
Reductions arising from payments/other sacrifices of future economic benefits	(15,827)	(9,014)
Unwind of discount and effect of changes in the discount rate	(1,470)	38
Closing balance	30,156	20,914
Current	28,672	19,901
Non-current	1,484	1,013

Wages and salaries, annual leave and sick 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 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 and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in employee benefits in the Comprehensive Operating Statement as it is taken.

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

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

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

Finance 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. The defined benefit plan contribution rate is 11.0 per cent (2018: 11 per cent) and for defined contribution plans is 9.5 per cent (2018: 9.5 per cent).

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2019	2018	2019	2018
Defined benefit plans⁽ⁱ⁾				
Emergency Services Superannuation Fund	23,701	22,065	194	119
Defined contribution plans				
Emergency Services Superannuation Fund	2,034	1,952	30	18
Other	1,293	1,046	-	-
Total	27,028	25,063	224	137

(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)	
	2019	2018
Department of Justice and Community Safety	12,520	9,132
Emergency Services Telecommunications Authority (ESTA)	10,595	11,989
Other	594	836
Total contract services with State Government entities	23,709	21,957

3.3 Other operating expenses

	(\$ thousand)	
	2019	2018
Supplies and services:		
Fire systems contractor services expense	13,923	13,657
Property utilities, rates and maintenance	11,598	11,752
Plant and equipment maintenance	6,805	5,975
Uniforms	5,847	4,471
Information technology	5,765	5,596
Motor vehicles fuel and maintenance	5,444	5,458
Supplies and consumables	4,636	5,880
Legals	3,529	4,040
Training and development	3,108	2,786
Communications	2,237	2,327
Property leases	1,212	1,880
Insurance	947	976
Internal audit and compliance audit	929	2,629
Cost of goods sold	793	545
Travel ⁽ⁱ⁾	729	412
Consultants	531	97
Advertising and promotional activity	114	131
Other	3,156	3,752
Total other operating expenses	71,303	72,364

(i) Prior year travel expenses were restated for meal and travel allowances now reported as employee benefits.

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.

Finance 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 resources that are controlled by MFB to be utilised for delivery of those outputs.

Structure

4.1	Total property, plant and equipment	106
4.2	Investment properties	110
4.3	Intangible assets	111
4.4	Investments and other financial assets	112

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 Total property, plant and equipment

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
Land at fair value ⁽ⁱ⁾	370,288	330,559	-	-	370,288	330,559
Buildings at fair value ⁽ⁱ⁾	320,100	307,227	(34,817)	(23,086)	285,283	284,141
Plant, equipment and vehicles at fair value	110,353	105,147	(59,503)	(51,822)	50,850	53,325
Assets under construction at cost	14,059	25,835	-	-	14,059	25,835
Net carrying amount	814,800	768,768	(94,320)	(74,908)	720,480	693,860

(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 the CSO adjustment is also equally applicable to market participants.

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

Heritage assets are valued using the current 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 current 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 current replacement cost method.

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

Impairment of property, plant and equipment

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

Finance report (continued)

4.1.1 Depreciation and amortisation

Charge for the period

	(\$ thousand)	
	2019	2018
Buildings	11,834	11,549
Plant, equipment and vehicles	10,614	11,200
Intangible produced assets (amortisation)	1,722	1,602
Total depreciation and amortisation	24,170	24,351

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

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: 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⁾

	Public safety and environment		Total	
	2019	2018	2019	2018
Nature-based classification				
Land at fair value	370,288	330,559	370,288	330,559
Buildings at fair value	285,283	284,141	285,283	284,141
Plant, equipment and vehicles at fair value	50,850	53,325	50,850	53,325
Assets under construction at cost	14,059	25,835	14,059	25,835
Net carrying amount	720,480	693,860	720,480	693,860

(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' (i.e. 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
2019					
Opening balance	330,559	284,141	53,325	25,835	693,860
Additions	1,489	-	5,062	5,652	12,203
Disposals	-	-	(1,786)	-	(1,786)
Transfer in/out of assets under construction	-	12,565	4,863	(17,428)	-
Revaluation of PPE	38,240	-	-	-	38,240
Transfer (to)/from investment property	-	411	-	-	411
Depreciation	-	(11,834)	(10,614)	-	(22,448)
Closing balance	370,288	285,283	50,850	14,059	720,480

(i) Managerial 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 (i.e. less than or equal to 10 per cent) except for the land class which was revalued using VGV indices as at 30 June 2019. 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
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) Managerial 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 (i.e. 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.

Finance report (continued)

4.2 Investment properties

	(\$ thousand)	
	2019	2018
Balance at beginning of financial year	37,132	46,925
Disposals and property held for sale	-	(15,256)
Net gain from fair value adjustments	2,471	3,863
Transfers (from)/ to investment property	(411)	1,600
Balance at end of financial year	39,192	37,132

Investment properties represent properties held to earn rentals or for capital appreciation, or both. Investment properties exclude properties held to meet service delivery objectives of MFB. Investment properties are 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 properties are 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 properties. These properties are neither depreciated nor tested for impairment.

4.3 Intangible assets

(\$ thousand)

	Computer Software		Licences		Assets under construction at cost		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Gross carrying amount								
Opening balance	25,220	24,538	13,268	13,268	2,638	2,896	41,126	40,702
Additions	288	860	120	-	212	969	620	1,829
Disposals	-	(1,405)	-	-	-	-	-	(1,405)
Transfers from construction in progress	101	1,227	-	-	(101)	(1,227)	-	-
Closing balance	25,609	25,220	13,388	13,268	2,749	2,638	41,746	41,126
Accumulated depreciation, amortisation and impairment								
Opening balance	(19,025)	(18,611)	(10,251)	(9,384)	-	-	(29,276)	(27,995)
Amortisation of intangible produced assets ⁽ⁱ⁾	-	-	(855)	(867)	-	-	(855)	(867)
Amortisation of intangible non-produced assets ⁽ⁱ⁾	(1,722)	(1,602)	-	-	-	-	(1,722)	(1,602)
Disposals	(80)	1,188	-	-	-	-	(80)	1,188
Impairment losses charged to net result ⁽ⁱⁱ⁾	-	-	-	-	-	-	-	-
Closing balance	(20,827)	(19,025)	(11,106)	(10,251)	-	-	(31,933)	(29,276)
Net book value at end of financial year	4,782	6,195	2,282	3,017	2,749	2,638	9,813	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.

Finance report (continued)

4.3 Intangible assets (continued)

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:

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

Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible 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.

Annually 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)

	2019	2018
Non-current investments and other financial assets		
Equities and managed investment schemes:		
Employee benefits fund - balanced fund	75,434	114,867
Employee benefits fund - growth fund	50,951	12,999
Total non-current investments and other financial assets	126,385	127,866
Total investments and other financial assets	126,385	127,866

(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	113
5.2	Payables	114
5.3	Inventories	115

5.1 Receivables

	2019	2018
	(\$ thousand)	
Contractual		
Sale of goods and services	5,909	6,015
Other receivables	3,191	9,499
Allowance for impairment losses of contractual receivables	(94)	(80)
Statutory		
GST input tax credit recoverable	405	2,748
Amounts owing from Department of Justice and Community Safety	19,174	820
Regulatory fees charges	3,403	1,686
Total receivables	31,988	20,688
<i>Represented by:</i>		
Current receivables	28,846	20,688
Non-current receivables	3,142	-

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

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

Details about MFB's impairment policies and MFB's exposure to credit risk are set out in Note 7.1.

Finance report (continued)

5.2 Payables

	(\$ thousand)	
	2019	2018
Contractual		
Supplies and services	18,158	13,904
Amounts payable to government and agencies	667	5,419
Accrued employee costs	3,901	6,711
Other payables	3,034	2,641
Statutory		
FBT payable	316	300
PAYG tax payable	1,791	1,734
Payroll tax payable	1,406	1,101
Total receivables	29,273	31,810
<i>Represented by:</i>		
Current receivables	29,273	31,810
Non-current receivables	-	-

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 the expected credit loss model under AASB 9 *Financial Instruments* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118.

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 the 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.

5.2.1 Maturity analysis of contractual payables⁽ⁱ⁾

(\$ thousand)

	Carrying amount	Nominal amount	Maturity dates		
			Less than 1 month	1-3 months	3 months-1 year
2019					
Supplies and services	18,158	18,158	9,989	7,896	273
Amounts payable to government and agencies	667	667	667	-	-
Accrued employee costs	3,901	3,901	3,901	-	-
Other payables	3,034	3,034	3,034	-	-
Total	25,760	25,760	17,591	7,896	273
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

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

5.3 Inventories

(\$ thousand)

	2019	2018
Current inventories		
Supplies and consumables: at cost	2,011	1,958
Total current inventories	2,011	1,958
Loss of service potential	(29)	(215)
Total inventories	1,982	1,743

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.

Finance report (continued)

6. Financing 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)	
	2019	2018
Current borrowings		
Advances from government ⁽ⁱ⁾	238	238
Total current borrowings	238	238
Non-current borrowings		
Advances from government ⁽ⁱ⁾	713	951
Total non-current borrowings	713	951
Total borrowings - loan from State Government	951	1,189

(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

2019					(\$ thousand)
Lease Type	Less than 1 year	1-5 years	5+ years	Total	
Office and temporary station rental	1,005	5,014	825	6,844	
Total	1,005	5,014	825	6,844	

2018					(\$ thousand)
Lease Type	Less than 1 year	1-5 years	5+ years	Total	
Office and temporary station rental	370	42	-	412	
Total	370	42	-	412	

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

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.

			(\$ thousand)	
			2019	2018
Total cash and deposits disclosed in the balance sheet			12,637	11,710
Balance as per cash flow statement			12,637	11,710

In accordance with the *Financial Management Act 1994*, Standing Direction - Central Banking System (CBS), MFB entered arrangements with Westpac Banking Corporation that provide for daily working capital balances in bank accounts to be consolidated under CBS. The arrangement provides substantive benefits to State Government. MFB account balances remain accessible at call.

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

Finance report (continued)

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

	(\$ thousand)	
	2019	2018
Net result for the period	(34,275)	(8,932)
Non-cash movements:		
Loss on sale or disposal of non-financial assets	973	2,867
(Gain) on revaluation of investment property	(2,471)	(3,863)
Depreciation and amortisation of non-current assets	25,025	25,218
Unrealised loss/(gain) on held for trading investments	1,067	(4,673)
Net loss/(gain) on financial instruments	824	(201)
Increase/(decrease) in provision for doubtful debts	14	(35)
Increase in other non-cash movements	(186)	(36)
Net gain/(loss) arising from revaluation of leave liabilities	10,086	(2,307)
Movements in assets and liabilities:		
(Increase) in operating receivables	(11,313)	(7,748)
(Decrease)/increase in deferred land sale receivable	(9,467)	9,467
(Increase)/decrease in inventories	(53)	47
(Increase)/decrease in prepayments	(2,228)	161
(Decrease)/increase in payables	(2,537)	3,278
Increase in provisions	18,702	8,679
Increase/(decrease) in other liabilities	9,876	(289)
Net cash flows from operating activities	4,037	21,633

6.3.2 Financing facilities

MFB has access to an 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.

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)				
Nominal amounts 2019	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	7,515	-	-	7,515
Operating expense and lease commitments payable ⁽ⁱ⁾	24,130	13,624	825	38,579
Total commitments (inclusive of GST)	31,645	13,624	825	46,094
Less GST recoverable from the Australian Tax Office	2,877	1,239	75	4,191
Total commitments (exclusive of GST)	28,768	12,385	750	41,903

(i) Operating lease commitments relate to fire station and office facilities with lease terms between 1 and 5 years. These contracts do not allow MFB to purchase the facilities after the lease ends.

(\$ thousand)			
Nominal amounts 2018	Less than 1 year	1-5 years	Total
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

(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)		
	2019 Nominal value (incl GST)	2018 Nominal value (incl GST)
Capital expenditure commitments: plant, equipment and vehicles	7,515	5,480
Intangible asset commitments	-	-
Operating lease commitments: temporary station and office	6,844	412
Other operational supplies and services commitments	31,735	19,753
Total commitments	46,094	25,645

Finance 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.

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

MFB recognises the following assets in this category:

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

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, MFB may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

MFB recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). MFB recognises the following assets in this category:

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

Categories of financial liabilities under AASB 9 and previously under AASB 139

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 net result 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); and
- borrowings.

Finance report (continued)

7.1 Financial instruments specific disclosures (continued)

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:
 - has transferred substantially all the risks and rewards of the asset; or
 - 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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

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

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

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

7.1.1 Financial instruments: Categorisation

2019	Cash and deposits	Financial assets/liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
Contractual financial assets					
Cash and deposits	12,637	-	-	-	12,637
Receivables⁽ⁱ⁾					
Sale of goods and services	-	-	28,225	-	28,225
Other receivables	-	-	49	-	49
Investments and other contractual financial assets					
Employee benefits fund	-	126,385	-	-	126,385
Total contractual financial assets	12,637	126,385	28,274	-	167,296
Contractual financial liabilities					
Payables⁽ⁱ⁾					
Supplies and services	-	-	-	18,158	18,158
Amounts payable to government and agencies	-	-	-	667	667
Accrued employee costs	-	-	-	3,901	3,901
Other payables	-	-	-	3,034	3,034
Borrowings					
State Government loan	-	-	-	951	951
Total contractual financial liabilities	-	-	-	26,711	26,711

(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).

Finance report (continued)

7.1.1 Financial instruments: Categorisation (continued)

2018	Cash and deposits	Contractual financial assets/liabilities designated at fair value through net result	Contractual financial assets—loans and receivables	Contractual financial liabilities at amortised cost	Total
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	11,710	127,866	15,514	-	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).

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

(\$ thousand)

	Net holding gain/(loss)	Total interest income/(expense)	Total
2019			
Contractual financial assets			
Investments designated at fair value through profit/loss	8,524	-	8,524
Financial assets at amortised cost – other than on derecognition	-	759	759
Total contractual financial assets	8,524	759	9,283
Total contractual financial liabilities	-	-	-
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	-	-	-

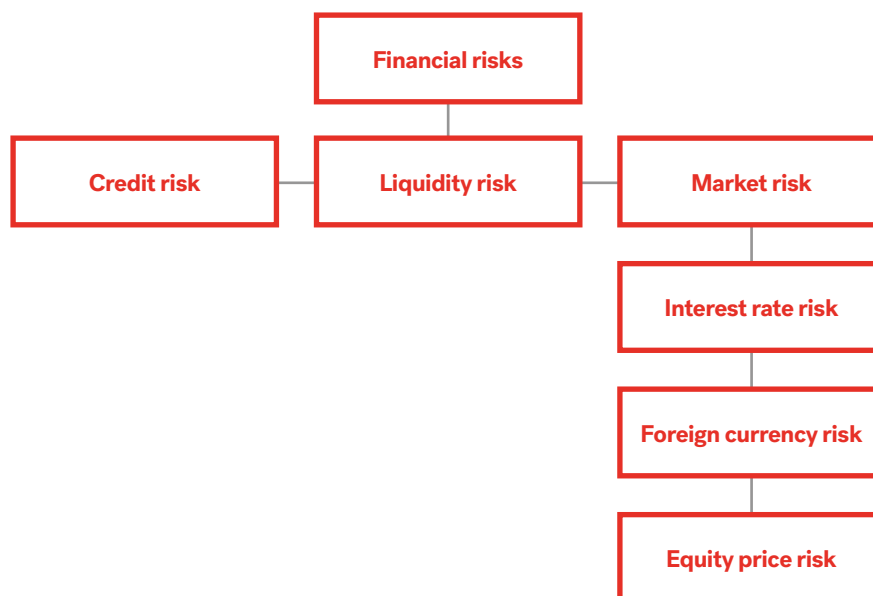
[Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.]

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

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

Finance report (continued)

7.1.2 Financial risk management objectives and policies



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's Board and executive 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.

7.1.3 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.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents 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 2018-19.

Finance report (continued)

7.1.3 Financial instruments: Credit risk (continued)

Credit quality of financial assets

(\$ thousand)

2019	Financial institution (double A credit rating)	Government agencies (triple A credit rating)	Other (no credit rating)	Total
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss				
Cash and deposits (not assessed for impairment due to materiality)	12,637	-	-	12,637
Statutory receivables (no impairment loss recognised)	-	-	121	121
Contractual receivables applying the simplified impairment approach ⁽ⁱ⁾	-	20,399	7,705	28,104
Investments and other financial assets ⁽ⁱⁱ⁾	-	-	126,385	126,385
Total financial assets	12,637	20,399	134,211	167,247

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

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

(i) The total amounts disclosed here exclude statutory amounts (e.g. 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 amongst other key attributes. But these fund managers are generally not rated by ratings agencies.

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

From 1 July 2018, MFB has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include MFB's contractual receivables, statutory receivables and its investment in debt instruments.

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

Contractual receivables at amortised cost

MFB applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. MFB has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on MFB's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year. Contractual receivables in 2018 include a land sale that was fully settled in 2019.

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

(\$ thousand)						
1-Jul-18	Current	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Total
Expected loss rate	0.2%	0.7%	1%	9%	20%	
Gross carrying amount of contractual receivables	13,843	984	212	91	384	15,514
Loss allowance	27	7	2	8	75	119
30-Jun-19	Current	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Total
Expected loss rate	0.1%	0.7%	0.6%	0.1%	51%	
Gross carrying amount of contractual receivables	5,479	2,695	659	144	123	9,100
Loss allowance	6	19	4	2	63	94

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

(\$ thousand)		
	2018	2017
Balance at beginning of the year	119	115
Opening retained earnings adjustment on adoption of AASB 9	-	-
Opening loss allowance	119	115
Increase in provision recognised in the net result	35	47
Reversal of provision of receivables written off during the year as uncollectible	(60)	(43)
Reversal of unused provision recognised in the net result	-	-
Balance at end of the year	94	119

Finance report (continued)

7.1.3 Financial instruments: Credit risk (continued)

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

In prior years, 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. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent. No adjustment was made to retained earnings on the application of AASB 9 credit loss adjustment as the impact was immaterial.

Statutory receivables and debt investments at amortised cost

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

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

Debt investments at fair value through net result

MFB is also exposed to credit risk in relation to debt instruments within managed funds that are designated at fair value through net result. The investments in managed funds will incorporate high grade debt instruments from time to time, though the value of debt instruments is not significant.

7.1.4 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; and
- 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.

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 \$0.951 million (2018: \$1.189 million), represents MFB's maximum exposure to liquidity risk. Also MFB has issued low-value bank guarantees totalling less than \$100,000.

7.1.5 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 (2018: 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 (i.e. holding forward currency hedge contracts). Accordingly currency exposure to MFB financial instruments is negligible.
- a movement of 15 per cent up and down (2018: 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, 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, as a financial asset 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.

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.

Finance report (continued)

7.1.6 Financial instruments: Market risk

Interest rate exposure of financial instruments

					(\$ thousand)
2019	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	1.69	12,637	-	12,637	-
Receivables ⁽ⁱ⁾					
Sale of goods and services		28,225	-	-	28,225
Other receivables		49	-	-	49
Investments and other contractual financial assets					
Managed investments		126,385	32,860	20,222	73,303
Term deposits	1.94	-	-	-	-
Total financial assets		167,296	32,860	32,859	101,577
Financial liabilities					
Payables ⁽ⁱ⁾					
Supplies and services		18,158	-	-	18,158
Amounts payable to government and agencies		667	-	-	667
Accrued employee costs		3,901	-	-	3,901
Other payables		3,034	-	-	3,034
Borrowings					
Loan from State Government ⁽ⁱⁱ⁾	0	951	-	-	951
Total financial liabilities		26,711	-	-	26,711

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

(ii) The Loan from State Government is non-interest bearing.

					(\$ thousand)
2018	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
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 ⁽ⁱⁱ⁾	0	1,189	-	-	1,189
Total financial liabilities		29,864	-	-	29,864

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

(ii) The Loan from State Government is non-interest bearing.

Finance report (continued)

7.1.6 Financial instruments: Market risk (continued)

Interest rate risk sensitivity	(\$ thousand)		
		-100 basis points	+100 basis points
2019	Carrying amount	Net result	Net result
Contractual financial assets			
Cash and deposits	12,637	(126)	126
Investments and other contractual financial assets	53,082	(531)	531
Total impact		(657)	657
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

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 the MFB Board. The 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 is set out below.

Other price risk sensitivity

		(\$ thousand)	
		-15%	+15%
2019	Carrying amount	Net result	Net result
Contractual financial assets			
Investments and other contractual financial assets ⁽ⁱ⁾	73,303	(10,995)	10,995
Total impact		(10,995)	10,995
2018			
Contractual financial assets			
Investments and other contractual financial assets ⁽ⁱ⁾	67,681	(10,152)	10,152
Total impact		(10,152)	10,152

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

Finance report (continued)

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 in relation to potential recoveries resulting from 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 2019 are:

Legal claims were lodged during the 2018–19 year against MFB on various matters, which due to confidentiality and legal process are unable to be disclosed. As at 30 June 2019 these cannot be quantified; but are not expected to have a material impact on any amounts disclosed in these financial statements.

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; and
- investment properties.

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 increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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.

The Valuer General Victoria (VGV) is MFB's independent valuation agency (or MFB, in conjunction with VGV [*and other external valuers, if applicable*]), monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

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

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; 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 7.3.2).

Finance report (continued)

7.3.1 Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial 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; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

MFB currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018–19 reporting period.

These financial instruments include:

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	Fair value	Carrying amount	Fair value
	2019	2019	2018	2018
Financial liabilities				
Loan from State Government ⁽ⁱ⁾	951	951	1,189	1,189

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

Financial assets measured at fair value

(\$ thousand)

2019	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Financial assets at fair value through profit or loss				
Managed investments	126,385	-	126,385	-
Total	126,385	-	126,385	-
2018				
Financial assets at fair value through profit or loss				
Managed investments	127,866	-	127,866	-
Total	127,866	-	127,866	-

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

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.

Finance report (continued)

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

(\$ thousand)

2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Land at fair value ⁽ⁱⁱ⁾				
Specialised land	329,038	-	-	329,038
Non-specialised land	41,250	-	41,250	-
Total of land at fair value	370,288	-	41,250	329,038
Buildings at fair value				
Specialised buildings	263,857	-	-	263,857
Heritage assets ⁽ⁱⁱⁱ⁾	21,426	-	-	21,426
Total of buildings at fair value	285,283	-	-	285,283
Plant, equipment and vehicles at fair value				
Vehicles ^(iv)	38,832	-	-	38,832
Plant and equipment	12,018	-	-	12,018
Total of plant, equipment and vehicles at fair value	50,850	-	-	50,850

(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 office as at 30 June 2016. The valuation was performed basis the market approach and adjusted for Community Service Obligations (CSO).

(iii) MFB holds \$21.4 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)

2018	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱⁱ⁾	Level 3 ⁽ⁱⁱⁱ⁾
Land at fair value ^(iv)				
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 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.

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 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.

Land, buildings and the vehicle classes of assets underwent management reviews of valuations as at 30 June 2019, 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 except for the land class which was revalued using VGV indices as at 30 June 2019 and the accompanying gain reported in the Physical Asset Revaluation Surplus.

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.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

Vehicles are valued using the current 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.

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.

Finance report (continued)

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

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 current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as level 3 fair value measurements.

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.

Specialised land was reviewed by management for changes in fair value based upon VGV indices as at 30 June 2019, which resulted in a revaluation and the accompanying gain reported in the Physical Asset Revaluation Surplus.

Similarly, specialised buildings were analysed for changes in the current Depreciated Replacement Cost, including CSO adjustments. No revaluation was required as at 30 June 2019, as there was no material movement in fair value for this class since June 2016. There were no changes in valuation techniques throughout the period to 30 June 2019.

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

Heritage assets are valued using the current 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.

Reconciliation of level 3 fair value movements

	(\$ thousand)				
2019	Specialised land	Specialised buildings	Heritage assets	Vehicles	Plant and equipment
Opening balance	294,498	261,416	22,725	42,104	11,221
Purchases	-	12,529	36	5,561	4,364
Disposals	-	-	-	(1,569)	(217)
Transfers in (out) of level 3	-	411	-	-	-
Transfer to investment property	-	-	-	-	-
Gains or losses recognised in net result					
Depreciation	-	(10,499)	(1,335)	(7,264)	(3,350)
Subtotal	-	2,441	(1,299)	(3,272)	797
Gains or losses recognised in other economic flows					
Revaluation	34,540	-	-	-	-
Closing balance	329,038	263,857	21,426	38,832	12,018
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-

	(\$ thousand)				
2018	Specialised land	Specialised buildings	Heritage assets	Vehicles	Plant and equipment
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	-	-	-	-	-

Description of significant unobservable inputs to level 3 valuations

2019 and 2018	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	Current replacement cost	Replacement cost of buildings provided by cost consultants Useful life of specialised buildings upon initiation is 40 years
Heritage assets	Current replacement cost ⁽ⁱⁱ⁾	Replacement cost provided by cost consultants
Vehicles	Current replacement cost	Replacement cost per appliance/vehicle Useful life of vehicles is 15 years for appliances and 3 years for passenger vehicles
Plant and equipment	Current 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 lifes primarily are in the range 3-7 years Useful life of the majority of plant and equipment is 3-15 years and some assets have lifes 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.

Finance report (continued)

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

Investment properties measured at fair value and their categorisation in the fair value hierarchy

(\$ thousand)

2019	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Investment properties	39,192	-	39,192	-
2018				
Investment properties	37,132	-	37,132	-

(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 2019.

For investment properties 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 2019 have 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 2019.

8. Other disclosures

Introduction

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

Structure

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8.1 Ex gratia expenses

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

	(\$ thousand)	
	2019	2018
Forgiveness or waiver of debt ⁽ⁱ⁾	378	3
Compensation for economic loss ⁽ⁱⁱⁱ⁾	31	95
Total ex gratia expenses	409	98

(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 and waiver of salary adjustments as considered by MFB.

(iii) Compensation for economic loss are payments to individuals to resolve possible claims and for claims of loss incurred relative to disputes regarding employment. These payments are reflected in salaries and wages expenses - refer to Note 3.1.1.

Finance report (continued)

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)	
	2019	2018
Net gain/(loss) on non-financial assets		
Impairment of property plant and equipment (including intangible assets)	-	-
Amortisation of non-produced intangible assets ⁽ⁱ⁾	(855)	(867)
Revaluation of investment property	2,471	3,863
Net gain/(loss) on disposal of property plant and equipment (including intangible assets)	(973)	(2,869)
Total net gain/(loss) on non-financial assets	643	127
Net gain/(loss) on financial instruments		
Impairment of:		
Loans and receivables ⁽ⁱⁱ⁾	(71)	(1)
Net gain/(loss) arising from revaluation of financial assets at fair value – market risk	(1,067)	4,673
Total net gain/(loss) on financial instruments	(1,138)	4,672
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of leave liabilities	(10,086)	2,307
Total other gain/(loss) from other economic flows	(10,086)	2,307

(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 Police and Emergency Services	The Hon. Lisa Neville MP	29 November 2018 to 30 June 2019
Minister for Emergency Services	The Hon. James Merlino MP	1 July 2018 to 28 November 2018
Acting Minister for Police and Emergency Services	The Hon. James Merlino MP	23 March 2019 to 4 April 2019
	The Hon. Benjamin Carroll MP	5 April 2019 to 9 April 2019
	The Hon. Jill Hennessy MP	14 April 2019 to 16 April 2019
Board Member	J Doak President	1 July 2018 to 30 June 2019
Board Member	K Hall	1 July 2018 to 30 June 2019
Board Member	F Chamberlain	1 July 2018 to 30 June 2019
Board Member	G Sword	1 July 2018 to 30 June 2019
Board Member	P Duncan	1 July 2018 to 30 June 2019
Board Member	G Fittipaldi	1 July 2018 to 30 June 2019
Board Member	F Diver	1 October 2018 to 30 June 2019
Board Member	S F Alford	1 July 2018 to 30 September 2018
Acting Chief Officer/Chief Executive Officer	G Leach	25 June 2019 to 30 June 2019*
Chief Officer/Chief Executive Officer	D Stephens	1 July 2018 to 30 June 2019**

* Subsequent to 30 June 2019 D Stephens has resigned effective 12 July 2019.

** G Leach was Acting Chief Officer/Chief Executive Office while D Stephens was on leave and has continued in this role since the resignation of D Stephens.

Finance report (continued)

8.3.2 Remuneration – Responsible Persons

Remuneration band:	No. of Responsible Persons:	
	2019	2018
\$0 – \$9,999	4	3
\$10,000 – \$19,999	-	2
\$20,000 – \$29,999	4	2
\$30,000 – \$39,999	-	2
\$40,000 – \$49,999	-	1
\$50,000 – \$59,999	-	1
\$60,000 – \$69,999	1	-
\$110,000 – \$119,999	-	1
\$220,000 – \$229,999	-	1
\$540,000 – \$549,999	1	-
\$640,000 – \$649,999	-	1
Total	10	14
Total remuneration of responsible persons (\$ thousands)⁽ⁱ⁾	703	1,217

(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 (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, 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 or resigned in the past year. This has had an impact on remuneration figures for the termination benefits category.

(\$ thousand)

Remuneration	Total remuneration	
	2019	2018
Short-term employee benefits	7,201	6,073
Post-employment benefits	663	560
Other long-term benefits (including long service leave)	150	95
Termination benefits	73	784
Total remuneration	8,087	7,512
Total number of executives	34	35
Total annualised employee equivalents⁽ⁱ⁾	29.7	27.8

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

(ii) Prior year 2017-18 omitted to include one executive employed for six months.

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; and
- 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.

Finance 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 Community Safety for distribution to MFB on a quarterly basis. Grant funding received in the reporting period 2018–19 was \$418.2 million (2017–18 \$381.3 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 \$5.0 million (2017–18 \$5.3 million)
- ICT support services invoiced to SES of \$0.2 million (2017–18 \$0.2 million)
- ESTA in respect to call taking and dispatch and related activity with expenditure incurred of \$10.6 million (2017–18 \$12.0 million)
- expenditure of \$12.5 million (2017–18 \$9.1 million) incurred with the Department of Justice and Community Safety 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 2018–19 (2017–18 \$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 \$0.4 million in 2018–19 (2017–18 \$0.6 million)
- managed investments with Victorian Funds Management Corporation for which management fees are included in the unit pricing; these fees are not significant.

Key management personnel (KMP) 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* is reported within the Department of Parliamentary Services' Financial Report.

	(\$ thousand)	
Compensation of KMPs	2019	2018
Short-term employee benefits	658	900
Post-employment benefits	34	68
Other long-term benefits	11	-
Termination benefits	-	526
Total	703	1,494

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 e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* 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 'arm's 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. 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)	
	2019	2018
Victorian Auditor General's Office		
Audit or review of the financial statements	175	133
Total remuneration of auditors	175	133

8.7 Investment properties

The following non-financial physical assets exist at the reporting date; these assets are non-core assets in respect to emergency service provision:

	(\$ thousand)	
	2019	2018
Freehold land ⁽ⁱ⁾	38,652	35,926
Freehold buildings ⁽ⁱ⁾	540	1,206
Total	39,192	37,132

(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.

Finance report (continued)

8.8 Reserves

	(\$ thousand)	
	2019	2018
Physical asset revaluation surplus:⁽ⁱ⁾		
Balance at beginning of financial year	423,120	423,120
Revaluation increments	38,240	-
Balance at end of financial year	461,360	423,120

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

8.9 Subsequent events

The *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (Act) was assented to on 2 July 2019.

Parts 1 and 2 of the Act came into operation on 3 July 2019. They concern preliminary matters and the establishment of the Firefighters' Presumptive Rights Compensation scheme, respectively. The remainder of the Act (Parts 3 to 11) will come into operation on a date or dates to be proclaimed (see Note 1) and will amend the *Metropolitan Fires Brigades Act 1958* to:

- abolish MFB and to establish Fire Rescue Victoria (FRV) to take on its functions;
- abolish the positions of MFB's Chief Executive Officer and Chief Officer and to provide for the appointment of a Fire Rescue Commissioner and Deputy Fire Rescue Commissioners;
- establish the Strategic Advisory Committee to advise FRV;
- change the boundaries of the FRV fire district;
- provide a new mechanism for changing the boundaries of the FRV fire district by establishing the Fire District Review Panel to review the FRV fire district;
- provide for the appointment of a Fire Services Implementation Monitor; and
- establish the Firefighters Registration Board.

It is expected there will be an orderly transition to FRV. Upon its commencement:

- MFB is abolished and its members go out of office;
- FRV becomes the successor in law of MFB;
- all rights, assets, liabilities and obligations of MFB immediately before its abolition become rights, assets, liabilities and obligations of FRV;
- FRV is substituted for MFB as a party in any proceedings, contract, agreement or arrangement commenced or made by or against or in relation MFB; and
- FRV may continue and complete any other continuing matter or thing commenced by or against or in relation to MFB.

It is expected that there will be an orderly transition of MFB's assets, liabilities, commitments, obligations and rights to Fire Rescue Victoria under ordinary machinery of government changes that will not result in any material change in the carrying value of such assets and liabilities at both 30 June 2019 and the eventual commencement date. As such, this event is not expected to have a material financial effect.

8.10 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after 1 July 2019:

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

Leases

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

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

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

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

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

MFB will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

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

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

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

- increase in Right of Use asset of \$8.8 million
- increase in related annual depreciation on Right of Use assets of \$1.9 million
- increase in lease liability of \$8.8 million
- increase in related interest of \$0.9 million cumulative for next five years calculated using effective interest method, and
- an insignificant decrease in rental expense as most leases are new or planned.

Finance report (continued)

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

Revenue and Income

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

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

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

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

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. MFB intends to adopt these standards in 2019–20 financial year when it becomes effective.

MFB will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

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

- no material impact on revenue recognition; and
- no material change in revenue deferral on the balance sheet.

8.11 Glossary of technical terms

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

Amortisation is the expense that 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 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 mean the voluntary payment of money or other non-monetary benefit (e.g. 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.

Finance report (continued)

8.11 Glossary of technical terms (continued)

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. a balance sheet as at the end of the period;
- b. a comprehensive operating statement for the period;
- c. a statement of changes in equity for the period;
- d. a cash flow statement for the period;
- e. notes, comprising a summary of significant accounting policies and other explanatory information;
- f. comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- g. a 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 properties are properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties 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.

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; and
- other taxes, including landfill levies, 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 (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

Finance report (continued)

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 2018-19 *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.



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 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Finance 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
4 September 2019



Ron Mak

as delegate for the Auditor-General of Victoria

MFB Headquarters

456 Albert Street

East Melbourne

Victoria 3002 Australia

T +61 3 9662 2311

F +61 3 9665 4244

www.mfb.vic.gov.au

