

Annual Report 2009 - 2010

Working Together To
Protect Our Community





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President's Foreword

To: The Hon. Bob Cameron
Minister for Police, Emergency Services and Corrections
State Government of Victoria
Melbourne Vic 3001

Dear Minister,

It is with great pleasure I present to you MFB's 2009/10 Annual Report.

I have been involved in the emergency services for more than 40 years and I am delighted to be appointed President of MFB. In my role as an operational police officer I had regular contact with MFB firefighters and have developed great respect and admiration for their professionalism and commitment. I also have a deep understanding of the role of emergency services personnel and the unique challenges they face in helping to safeguard our community.

I am proud to be President of MFB. The organisation is working hard to set the benchmark for emergency services in Australia and adopt best practice in all spheres of its activity.

MFB faces many challenges especially with an ageing population and increasingly crowded metropolis. We are working more closely than ever before with fellow emergency service agencies to protect our community. Through continually reviewing and improving our education and intense training, we are developing even further the skills and expertise of our dedicated frontline and supporting corporate team.

I look forward to working with the Board, the CEO and the Management Team to enhance the already outstanding reputation of our organisation.

Neil Comrie
President



Chief Executive Officer/Chief Officer's Report

Having been away from firefighting for the past three years, it's great to return to a profession I know and love, and particularly with an organisation of such high standing as MFB. Having only started my role on 6 April this year, it's great to be

back working with fellow firefighters and corporate staff who share immense pride in protecting our community.

My 20-year background as an operational firefighter and senior officer at CFA is helping me quickly understand issues and make key decisions. My role is to be a champion for MFB, involving firefighters and corporate staff as an integrated team, as well as involving our metropolitan communities and government, in two-way dialogue, working through key issues together to continually improve our organisation and community safety.

The year has seen many challenges with the change of leadership of MFB, implementing the necessary changes as a result of the Victorian Bushfires Royal Commission (VBRC) interim findings and preparation for the approaching fire season.

The primary function for MFB is to ensure it is able to meet its statutory obligations to defend against fire and incidents within its own boundaries. However, since the Black Saturday fires we have been working even more closely with CFA, clarifying MFB's capabilities and consolidating inter-agency understanding of MFB's surge capacity, if required. We have refined strategies in place to provide cover for CFA stations, especially within the MFB and CFA interface area. This allows CFA to release its crews to attend bushfires in the knowledge that there is trained support covering their area.

In keeping with MFB's reputation for innovation, this year marks the first decade of providing Emergency Medical Response, the program where firefighters provide first-contact critical patient care in partnership with Ambulance Victoria.

This is a national first, and a service being closely watched by interstate fire agencies. Last quarter, one MFB Zone attended nearly as many medical emergencies as structure fires; this underpins the importance of MFB activity in this role.

It is another way we continue to expand and add value to the community we serve, and is an outstanding example of our collaborative approach to emergency management with a fellow emergency service. This expanded role combined with various other changes is continually re-shaping the face of our core business, a challenge I know MFB is ready for.

The year has also seen us engaging more than ever before with certain potentially vulnerable sections of the community, such as students from overseas and the elderly. We have been recognised for our efforts with three awards for our work to introduce home fire safety information into the national curriculum for community sector workers. This is a world-first project, focused on improving community safety across all states and territories of Australia; an achievement we can all be proud of. (See page 18)

Finally, I would like to pay tribute to the work of retired CEO Ken Latta throughout his three-year tenure. Ken has created a sustainable direction for the organisation, through introducing a project management approach to conducting our business and establishing robust frameworks in everything we do. This is a strong legacy which I intend to maintain and build upon.

2010/11 is going to be an exciting year filled with opportunity and no doubt many challenges. I look forward to continue creating an environment where MFB and all its people can grow and achieve their utmost potential, while continuing to do what they do best; protecting our Melbourne community to the highest standards.

Graham Fountain
Chief Executive Officer and Chief Officer



About Us

Vision

To create a safer Melbourne community

Mission

Protecting our community

Goals

- Safer communities
- Engaged stakeholders
- Capable and empowered workforce
- Holistic planning
- Well managed performance

Values

MFB service delivery values:

Initiative, Response, Professionalism

Victorian public sector values:

Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership, Human Rights

Our Business

MFB is in the business of protecting almost four million Melbourne residents, workers and visitors as well as safeguarding billions of dollars worth of assets and key infrastructure in the Melbourne metropolitan area.

Our Community

We operate in an increasingly complex urban environment. Our community includes people from many diverse backgrounds. They speak more than 250 languages, around one third were born overseas and their average age is 35.4 years.

The Metropolitan Fire District (MFD) includes 25 local government councils, and it contains a wide range of critical infrastructure and potentially major hazards that play a significant part in Victoria's economy.

What We Do

MFB facilitates and delivers a range of emergency services to the Victorian community. We protect our population, public and private assets and the environment from fires and other emergencies. To achieve our mission of protecting the community, MFB provides specialist prevention, preparedness, response and recovery services across the MFD; a land area of more than 1000 square kilometres.

We work in partnership with other agencies, particularly emergency services, to deliver seamless service for all hazard types across the metropolitan area and throughout Melbourne's urban fringe suburbs.

MFB is involved in the development of emergency management plans for the State, providing ongoing advice to Local, State and Federal Government departments and agencies. We work closely with community groups, facilitating education campaigns and programs to ensure people are equipped with the skills, information and tools to prevent, prepare, respond and recover from emergencies; both inside and outside MFD boundaries.



Fire Stations and Boundaries

Central Zone

Headquarters:

Level 2, 456 Albert Street
East Melbourne, 3002

Eastern Hill (Station number 1)

456 Albert Street
East Melbourne, 3002

West Melbourne (2)

60 Batman Street
West Melbourne, 3003

Carlton (3)

106 Bouverie Street
Carlton, 3053

Richmond (10)

55 Church Street
Richmond, 3121

Hawthorn (18)

45 William Street
Hawthorn, 3122

Windsor (35)

156 Albert Street
Windsor, 3181

South Melbourne (38)

26 Moray Street
South Melbourne, 3205

Port Melbourne (39)

448 Graham Street
Port Melbourne, 3207

Northern Zone

Headquarters:

Level 1, 152 Plenty Road
Preston, 3072

Brunswick (4)

24 Blyth Street
Brunswick, 3056

Broadmeadows (5)

338 Camp Road
Broadmeadows, 3047

Pascoe Vale (6)

345a Gaffney Street
Pascoe Vale, 3044

Thomastown (7)

92 Mahoneys Road
Thomastown, 3074

Somerton (9)

10 Somerton Park Drive
Campbellfield, 3061

Epping (11)

28 Childs Road
Epping, 3076

Preston (12)

471 Bell Street
Preston, 3072

Northcote (13)

3 Mitchell Street
Northcote, 3070

Bundoora (14)

1083 Plenty Road
Bundoora, 3083

Heidelberg (15)

161 Bell Street
Heidelberg, 3084

Greensborough (16)

141 Grimshaw Street
Greensborough, 3088

North Balwyn (19)

312 Doncaster Road
North Balwyn, 3104

Templestowe (30)

178 Foote Street
Templestowe, 3106

Southern Zone

Headquarters:

100 Atherton Road
Oakleigh, 3166

Box Hill (20)

1052 Maroondah Highway
Box Hill, 3128

Ringwood (22)

272 Maroondah Highway
Ringwood, 3134

Burwood (23)

25 Highbury Road
Burwood, 3125

Malvern (24)

80 Waverley Road
Malvern East, 3145

Oakleigh (25)

100 Atherton Road
Oakleigh, 3166

Croydon (26)

309 Dorset Road
Croydon, 3136

Nunawading (27)

364 Maroondah Highway
Nunawading, 3131

Vermont South (28)

721 Highbury Road
Vermont South, 3133

Clayton (29)

529 Clayton Road
Clayton South, 3169

Glen Waverley (31)

645 Ferntree Gully Road
Glen Waverley, 3150

Ormond (32)

311 North Road
Caulfield South, 3162

Mentone (33)

103 Nepean Highway
Mentone, 3194

Highett (34)

150 Wickham Road
Highett, 3190

Western Zone

Headquarters:

Rear 30 McIntyre Road
Sunshine, 3020

Laverton (40)

75 Railway Avenue
Laverton, 3028

St Albans (41)

9 Taylors Road
St Albans, 3021

Newport (42)

231 Melbourne Road
Newport, 3015

Deer Park (43)

782 Ballarat Road
Deer Park, 3023

Sunshine (44)

30 McIntyre Road
Sunshine, 3020

Spotswood (45)

8 Highgate Street
Spotswood, 3015

Altona (46)

7 Akuna Street
Altona, 3018

Footscray (47)

69 Droop Street
Footscray, 3011

Taylors Lakes (48)

470 Melton Hwy
Taylors Lakes, 3038

North Laverton (49)

Corner Boundary
and Fairbairn Roads
North Laverton, 3026

Ascot Vale (50)

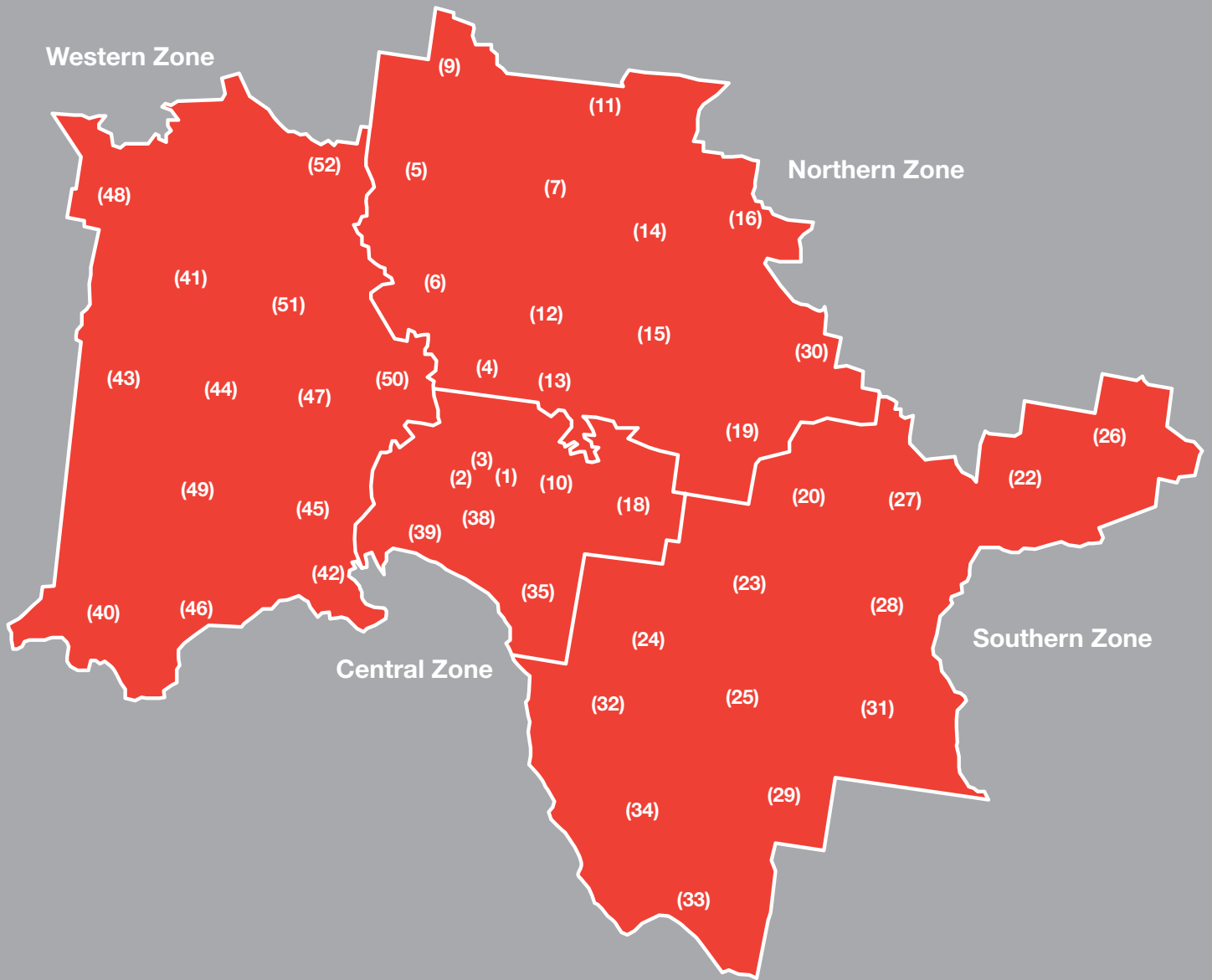
258 Union Road
Moonee Ponds, 3039

Keilor (51)

145 Milleara Road
Keilor East, 3033

Tullamarine (52)

1 Western Avenue
Tullamarine, 3043



Year in Review

The past year has seen change with the leadership reins of the organisation handed over from retiring CEO and Chief Officer Ken Latta to Graham Fountain in April 2010.

Incoming CEO and Chief Officer Graham Fountain commenced on 6 April, powering into action and excited by the challenges ahead. Graham comes to MFB from the Confederation of Australian Motorsport, where he was CEO for three years. Prior to this, Graham had a 20-year operational career with CFA, reaching the rank of Deputy Chief Officer. He has a strong background in firefighting which he will use to work through issues and decisions at MFB.

Retired CEO, Ken Latta was highly regarded by colleagues for his strategic thinking, leadership and direction that effected change within the organisation. His transparent approach to leadership has been respected by management colleagues, setting a clear direction and legacy for MFB to move forward.

Another change includes the resignation of MFB President Adrian Nye in March 2010. Deputy President Ian Spicer acted in the role until the appointment of Neil Comrie as President on 30 June. Neil has extensive experience in emergency services – he was a former head of Victoria Police and more recently the Implementation Monitor for the Victorian Bushfire Royal Commission (VBRC) Interim Report.

This was also a year of intense focus on the VBRC interim findings. Changes were made in the Operations Directorate to allow the Chief Fire Officer, Tony Murphy, to concentrate on developing and delivering recommendations made following the VBRC interim findings. An Implementation Project was completed which resulted in MFB's actions being commended.

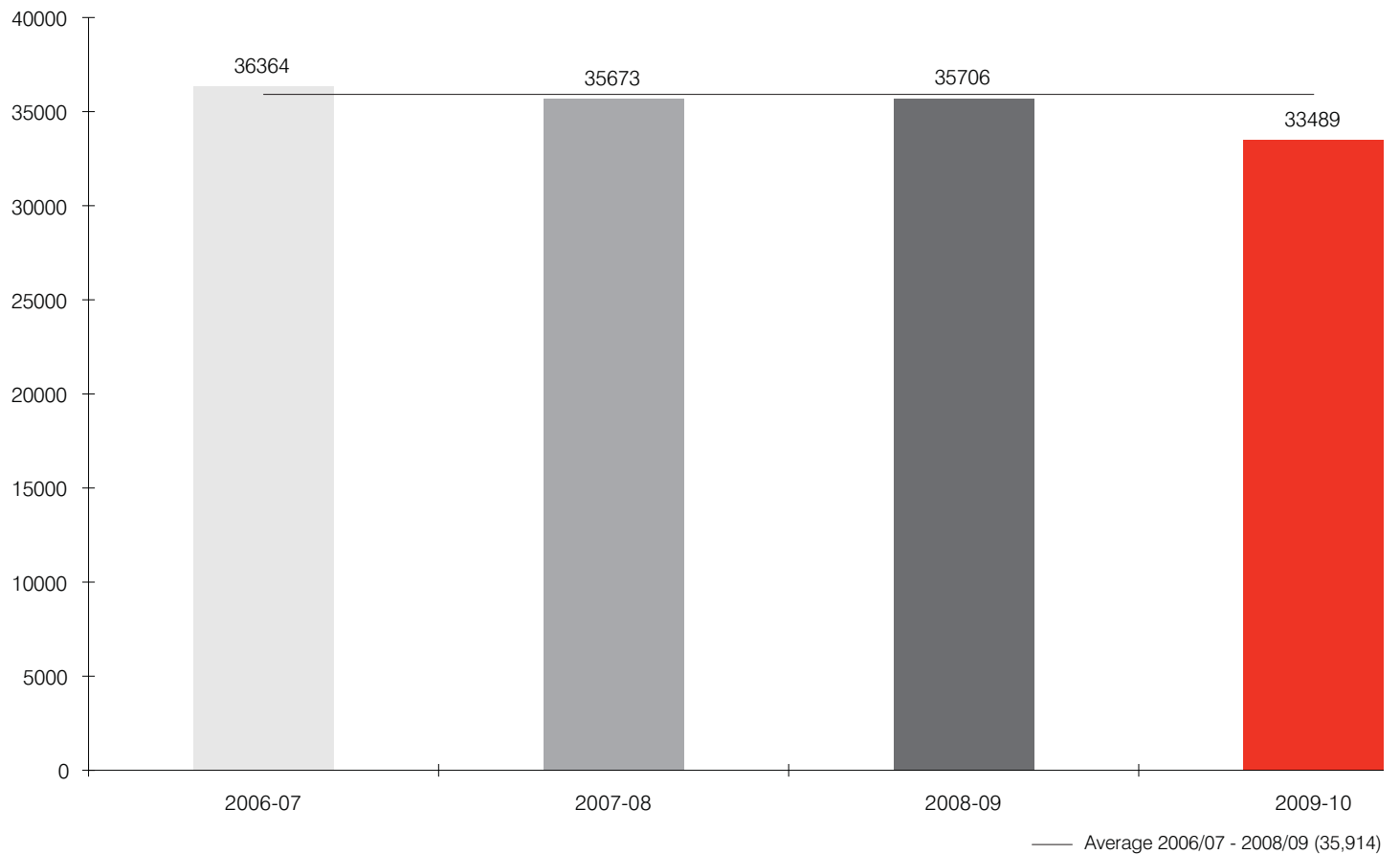
As part of this Implementation Project, an internal 'Opportunities for Improvement' debrief was sought from operational staff, which led to various improvements being made. One significant initiative included the introduction of support trailers towed by twin-cab utes – with chainsaws, extra fuel, a generator, drinks cooler, couplings and quick-fill pumps – to assist firefighters on the frontline during the summer months.

Memorably, for the first time in 50 years three valour medals were awarded – to Leading Firefighter Mark Fincher, Leading Firefighter Brian O'Connell and Senior Firefighter Russell Johnson. Their actions saved a colleague's life and demonstrated the best qualities of MFB firefighters – camaraderie, dedication and bravery, an achievement we congratulate them for. Our ongoing thoughts and support remain with Richard Zapart and his family during his rehabilitation process.

Snapshot Statistics

MFB Calls Attended*

2006/07 - 2009/10

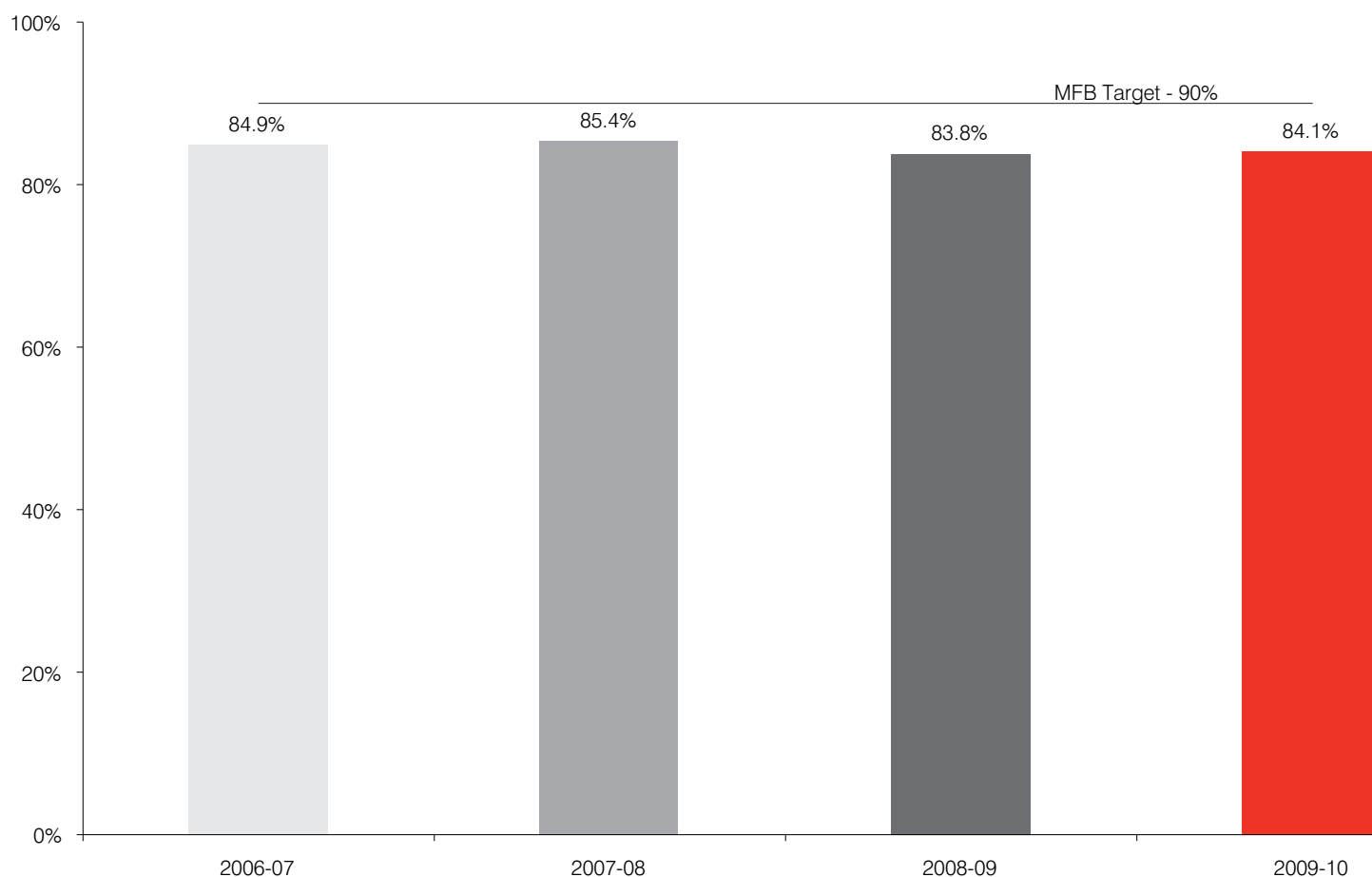


*Calls for emergency assistance that MFB attended (arrived on scene).

The number of calls MFB responded to in 2009/10 has fallen below the previous year's total and below the average over the past three years.

Emergency Response Times Meeting Benchmarks

2006/07 - 2009/10

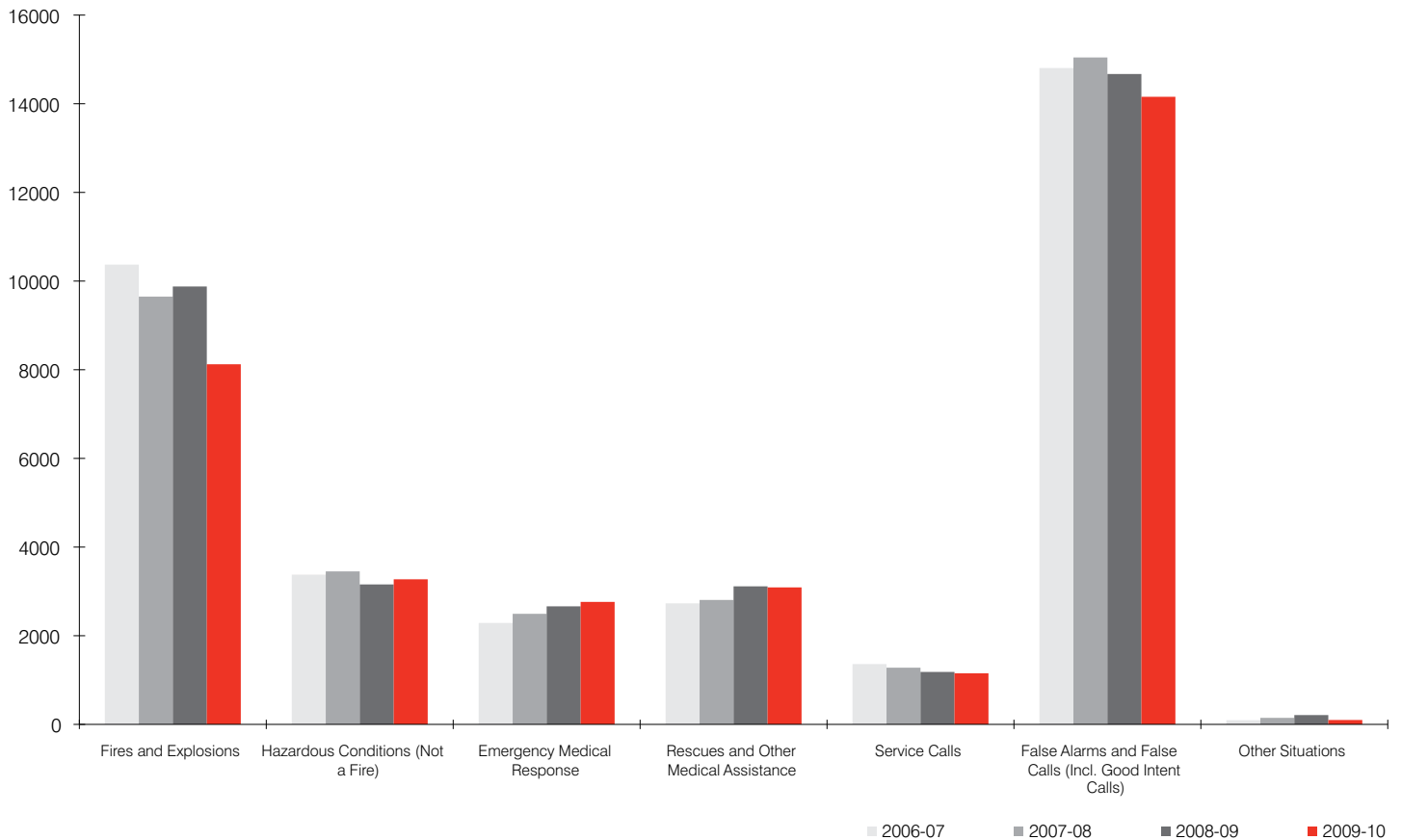


The MFB target requires crews to respond to 90 per cent of all calls (excluding Emergency Medical Response - EMR) within 7.7 minutes, and 90 per cent of EMR calls within 9.2 minutes. In 2009/10, the MFB attended 84.1 per cent of calls within their benchmarks. This includes responses to incidents on the severe weather days of 11 February and 6 March 2010. Of all structure fires last year 86.9 per cent were attended within 7.7 minutes.

Performance continues to be impacted by the new Personal Protective Clothing which takes firefighters longer to put on. Increasing travel times due to traffic congestion is another contributor. Proactive programs are being developed to improve performance.

Breakdown of Calls by Type of Incident (MFD only)*

2006/07 - 2009/10

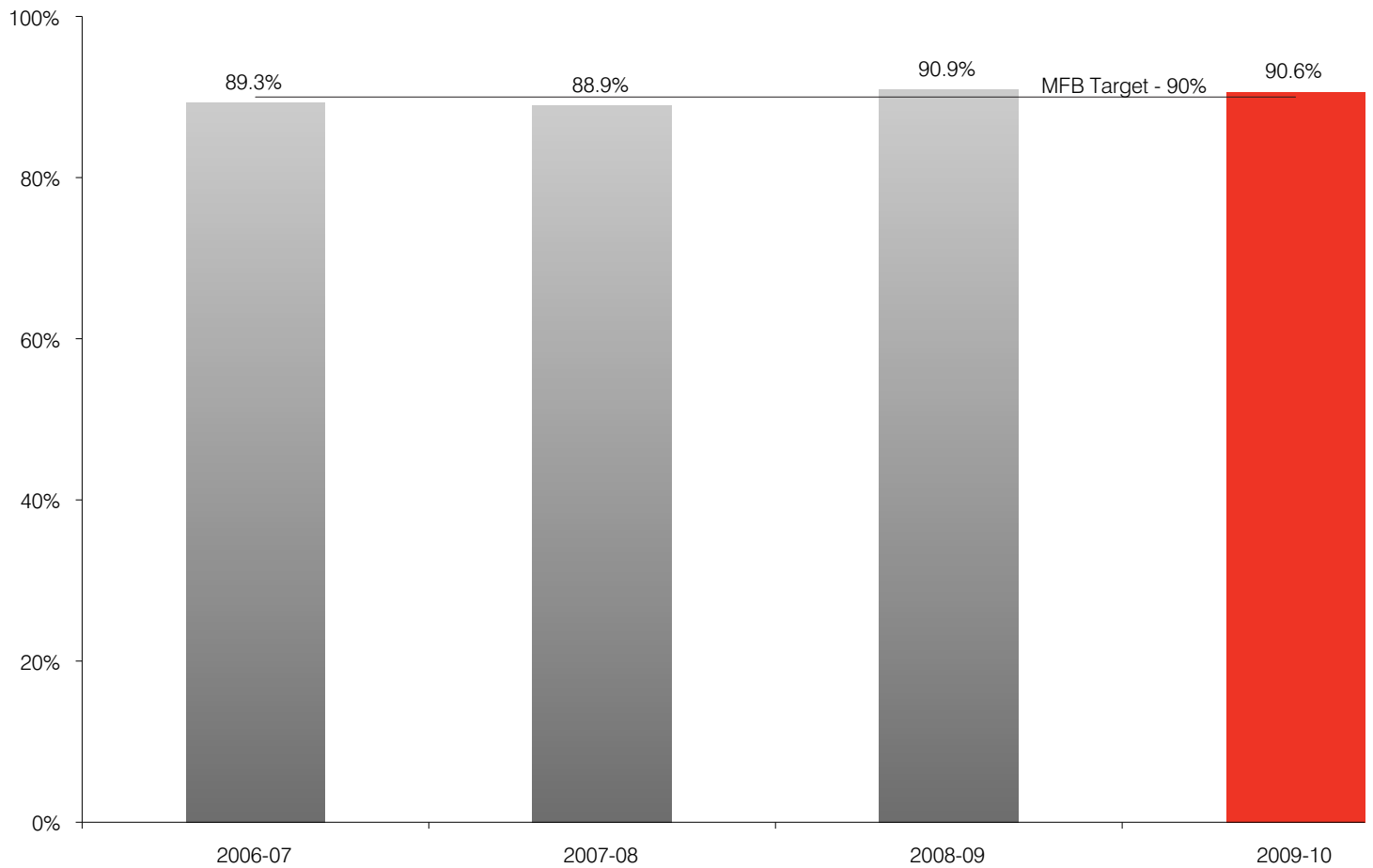


*Metropolitan Fire District.

In 2009/10 the number of fires and explosions significantly decreased from 9878 incidents in the previous year to 8123 in 2009/10. False alarms and false calls have also fallen. Over the past four years Emergency Medical Responses have steadily increased.

Containment of Structure Fires to the Room of Origin

2006/07 - 2009/10

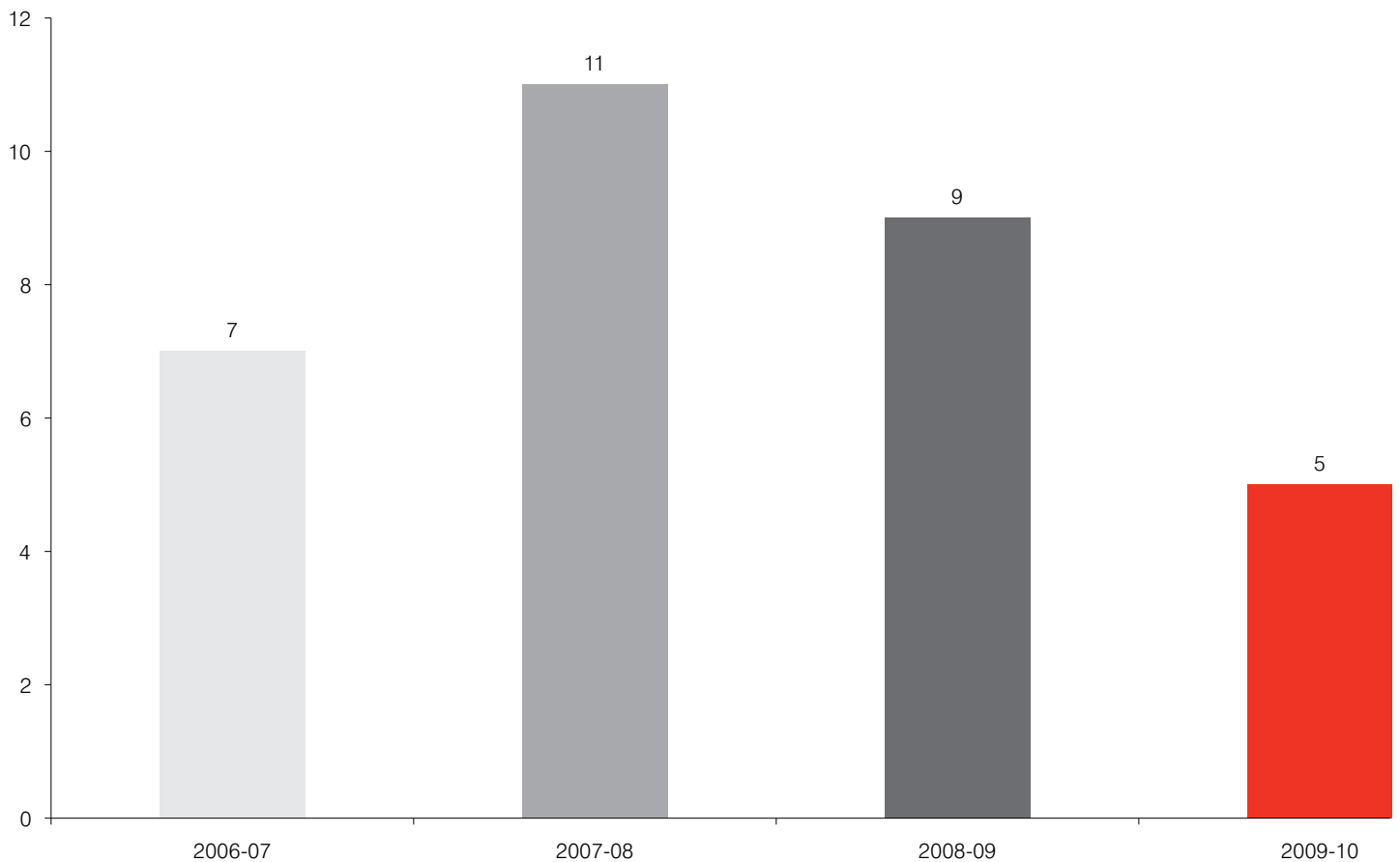


*These figures include fires in buildings confined to non-combustible containers. For example this includes fires in chimneys, incinerators and compactors.

Containment of structure fires to room of origin has remained steady over the past four years, with the figures in 2009/10 dropping 0.3 per cent over the previous year to 90.6 per cent.

Preventable Fire Related Fatalities

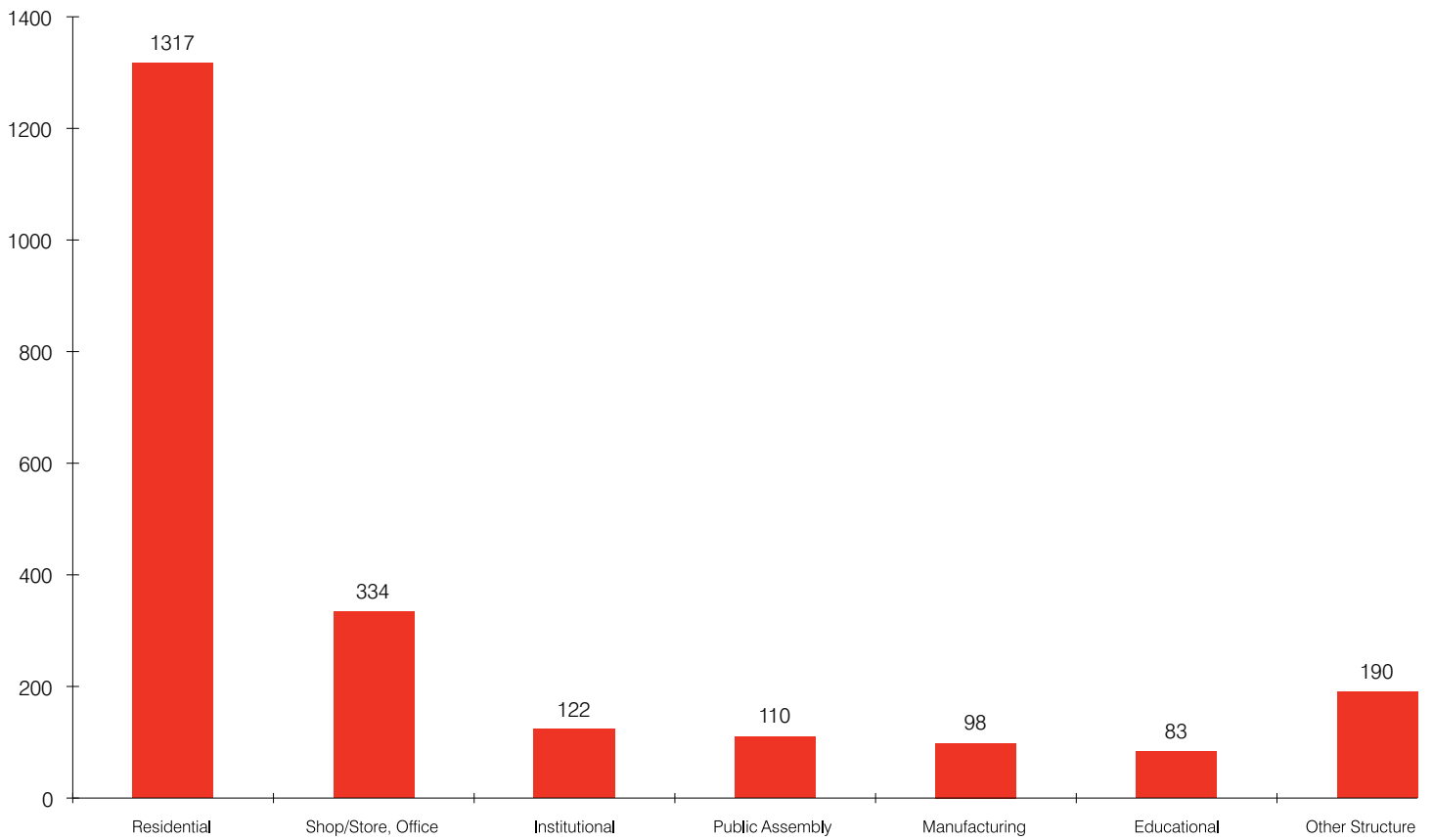
2006/07 - 2009/10



Preventable fire related fatalities continue to decline, and are at their lowest point in four years. MFB continues to roll out community safety programs targeting at-risk groups, in conjunction with government and community service organisations.

Breakdown of Building Fires by Type of Property Use (MFD only)

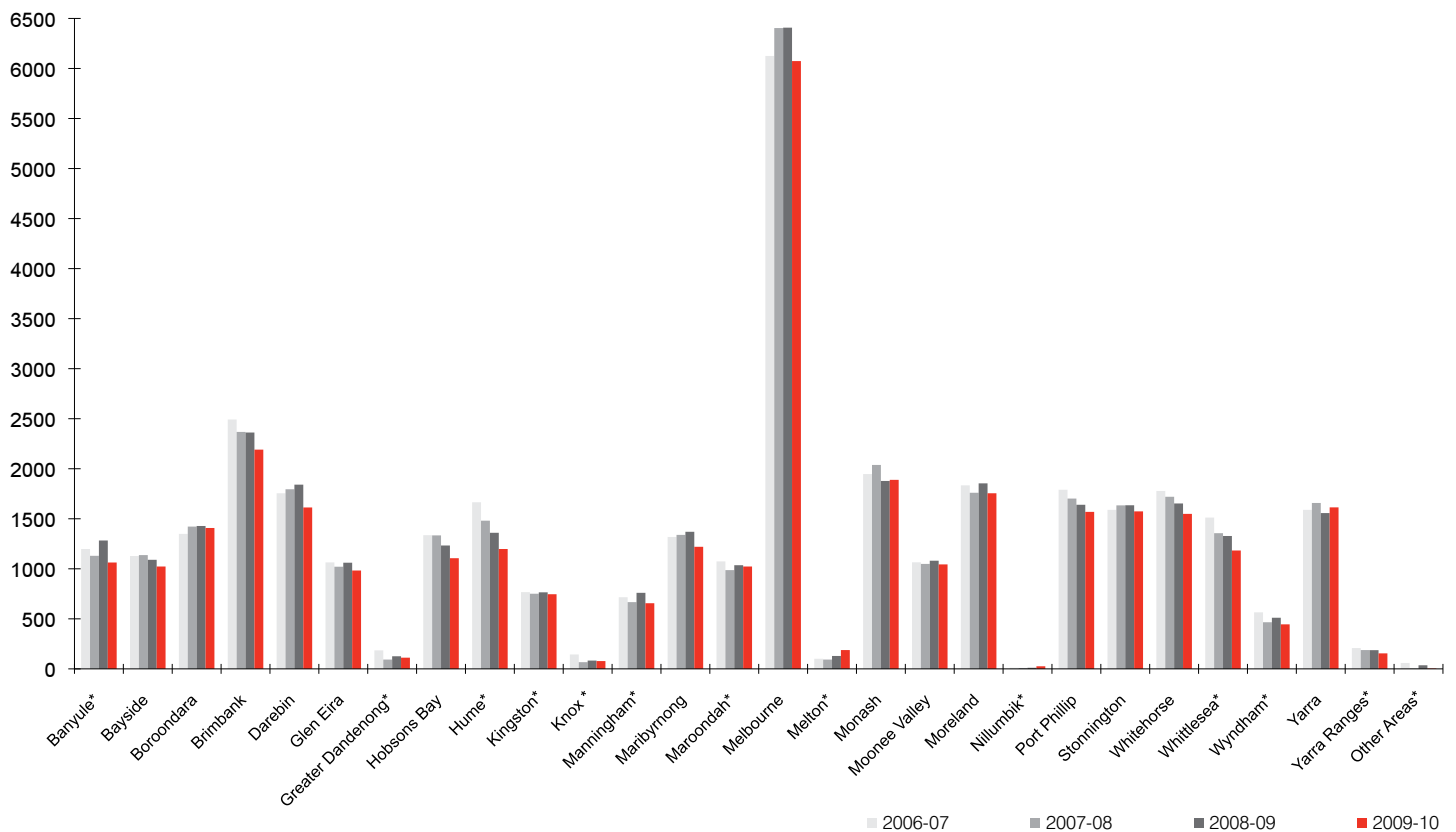
2009/10



In 2009/10 of the total 2300 building fires, 1317 (58.4 per cent) occurred in residential properties, up from 57 per cent in 2008/09.

Number of Calls by Local Government Area (MFB and CFA areas)

2006/07 - 2009/10



*This Local Government Area is jointly serviced by MFB and CFA. This chart shows all calls attended by MFB only.

Other Areas - In 2009/10 MFB responded to calls in the City of Frankston, Macedon Ranges Shire and Surf Coast Shire.

MFB attended the most calls in the City of Melbourne (18.1 per cent), followed by the City of Brimbank (6.5 per cent), City of Monash (5.6 per cent), and City of Moreland (5.2 per cent).

Emergency Management Capability

Major Outputs/Deliverables	Unit of Measure	2009/10 Statewide Target	2009/10 MFB Target	2009/10 MFB Actual	Notes
Performance Measures					
Quantity					
Number of Emergency Service delivery points	number	1400	47	47	(1)
Quality					
Structural fires contained to room or object of origin (excluding fires in buildings confined to non-combustible containers) - Budget Paper 3	per cent	70	-	86.9	(2)
All structural fires contained to room or object of origin	per cent	-	90	90.6	
Timeliness					
Emergency response times meeting benchmarks (All structural fires) - Budget Paper 3	per cent	90	90	86.9	(3)
Emergency response times meeting benchmarks (All incidents)	per cent	-	90	84.1	(3)
Notes					
(1) The MFB has 47 service delivery points (fire stations)					
(2) 70 per cent is the statewide target. MFB performance is consistently significantly above the statewide target.					
(3) Performance continues to be impacted by the introduction of new Personal Protective Clothing, to further increase firefighter safety, as well as increasing travel times due to traffic congestion.					

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

The table above indicates the measures reported in Budget Paper No. 3 together with MFB's actual performance. It should be noted that the counting rules for the state-wide measures differ from those used to report internally by MFB.





Safer Communities

Black Saturday has left an indelible dark scar on the Victorian community; we will never forget the 173 lives so tragically lost. As a result we continue to work with fellow emergency services – even more closely than before – to keep our community as safe as possible. We are also making significant gains in engaging the community to work with us through participation at many community events, and MFB-led initiatives to promote fire awareness in communities.

Three Wins for Community Services Training

MFB's Community Services Training Package project won a national accolade at the 10th Australian Safer Communities Awards. The award category was 'Federal Government, cross-jurisdictional or nationally significant'. The award was presented by Attorney-General Robert McClelland to Project Manager Julie Harris and Executive Manager Community Education Rob Taylor at Old Parliament House in Canberra in July.

MFB's Community Services Training Package is a national project that incorporates basic home fire safety into the national qualifications for 49 separate community sector worker roles. It is a world-first project and is focused on improving community safety across all states and territories of Australia.

Receiving this formal acknowledgement for a project that has national impact and significance is an enormous achievement for a state-based metropolitan fire service.

The work of Julie Harris was also acknowledged at the Australian Fire Authorities Council's annual conference in September where she received the Laurie Lavelle Award for her work in relation to older people and people with disabilities.

In October MFB's Community Service Training Package received the RACV Insurance Award for Excellence at the Fire Awareness Awards. MFB together with VicDeaf was also highly commended in the Fire Services category, for the project 'Now Hear This – Enhanced Fire Safety for Deaf Children', which caters to the specific needs of children with hearing impairments by incorporating visual materials and hands-on displays to help them learn about basic fire safety during education sessions provided by MFB.

It is through projects like these that MFB directly influences the fire safety needs of those who are most vulnerable in our community.

Fire Safety Education for International Students

It is estimated that up to 190,000 international students are furthering their studies in Melbourne and MFB considers their safety a matter of priority.

Accordingly, MFB has undertaken a series of consultations, forums and research to better understand the issues important to developing effective fire safety messages for this sector of the community. MFB's Community Education and Diversity Development Departments and Operational Multicultural Liaison Officers have facilitated a variety of surveys, seminars and advisory committees to discuss important information relating to the development of standards, legal rights and strategies for delivering fire safety messages to international students and to those providing their accommodation.

At the ninth Annual Injury Prevention Conference in July, MFB presented a paper which focused on its development of a targeted fire injury prevention program for international students.

In February and March, MFB engaged with overseas students in a series of events across Melbourne.

MFB participated at Melbourne City Council's International Student Welcome Booth which operated at Melbourne Airport at the peak student induction time in February. Another significant event was the Lord Mayor's Welcome Celebration at Federation Square, where MFB had an information stall which attracted a large proportion of the 1000 students attending.

Also in February 2010, MFB held fire safety sessions for overseas students at RMIT (twice), the Australian Catholic University, Melbourne University and the Old Melbourne Hotel, now dedicated to student accommodation.

Similar MFB sessions for international students were undertaken at Deakin University, Swinburne University, Victoria University and Holmesglen throughout the year.

Community Safety Partnerships

Community safety sessions are part of an ongoing community engagement strategy in partnership with the Housing Department, Victoria Police and Ambulance Victoria. The session held in August 2009 at the Richmond Estate was launched by Richard Wynne, Minister for Housing, Local Government and Indigenous Affairs.

October 2009 was Community Safety Month. It was launched by Police and Emergency Services Minister Bob Cameron. Speakers included MFB Chief Fire Officer Tony Murphy, and crews from Eastern Hill fire station also attended.



MFB Commander Frank Stockton (centre) and CFA's Lisa Sturzenegger (left) encourage Victorians to change their smoke alarm batteries.

Campaign Clocks Up 10 Years

The Change Your Clock, Change Your Smoke Alarm Battery campaign – jointly held by MFB, CFA and Duracell – has clocked up 10 years. The campaign encourages Victorians to change their smoke alarm batteries when they change their clocks at the end of daylight savings.

This year, daylight savings ended at 3am on Easter Sunday, a timely tie-in for the Duracell bunny to promote the campaign with an Easter egg hunt at Eastern Hill fire station.

MFB and CFA boosted the media campaign, targeting local papers with photo opportunities and local information about the risks of residential house fires during the upcoming winter season. The campaign also featured an advertorial in the Herald Sun, including messages from the chiefs of both MFB and CFA, and a feature on Ten News weather.

The showpiece of the campaign was held on Saturday 3 April, when MFB and CFA firefighters came together to wash away 3192 batteries across a chalk-drawn map of Victoria, symbolising the number of call-outs to house fires in 2009. This aired on Channel Nine and Channel Ten news that night.

Walk for Harmony

On Sunday 7 July 2009, Melbourne was host to a significant diverse community gathering. The Walk for Harmony, conceived by Premier John Brumby, showed the world that Victoria supports racial harmony and celebrates cultural diversity. The walk involved thousands of participants, and included ethnic community groups, sporting club representatives, emergency service workers, trade unionists and representatives from student organisations.

MFB vehicles ended the march, and George Lekakis, chair of the Victorian Multicultural Commission, thanked MFB for its continued support at such significant community events.

White Ribbon Campaign

MFB has expanded its involvement in community safety initiatives, not limiting them to just fire safety. At the White Ribbon rally at Federation Square in November, in which participants remembered the victims of family violence, MFB personnel handed out white ribbons and encouraged men to take the oath saying no to violence against women and children. Each year in Australia at least 60 women and 20 children die as a result of family violence.

Fighting Fires in the Pacific

MFB's partnership with the Samoa Fire and Emergency Service Authority (SFESA) dates back 20 years, over which time we have provided strategic planning, logistical support and operations training for firefighters in the South Pacific nation.

Following the devastating tsunami of 2009, MFB decided to fast-track the assistance program and delivered ahead of schedule three donated Mark III Pumper Tankers.

One left Australia in December 2009, while the other two were farewelled from MFB in May in a handover ceremony at Eastern Hill.

Parliamentary Secretary for Emergency Services Danielle Green joined CEO and Chief Officer Graham Fountain and representatives of Melbourne's Samoan community in handing over the trucks. The tankers had a complete overhaul and refit and were delivered together with spare parts, tyres and mechanical expertise.

The tankers were transported to Sydney with the generous support of Simon National Carriers. The Royal Australian Navy then stepped in, loading the trucks on HMAS Kanimbla and shipped them to Samoa. A handover of the trucks in Samoa and the signing of a collaborative deed by Graham Fountain marked a significant milestone in this partnership.



MFB's donated trucks made their way to Samoa with the help of the Royal Australian Navy's HMAS Kanimbla. Photo courtesy of the Royal Australian Navy.

Community Festivals

MFB has a high profile at many community festivals in Melbourne. This helps increase public awareness of the significant role MFB has in safeguarding the community. These are only a very few of many festivals MFB crews have attended, from school fetes to Moomba and the Myer Christmas Parade.

- Australia Day 2010

The Australia Day Festival was a great success, with a record attendance and many nationalities celebrating under the Australian flag. MFB had a large display in a prime location. Both Community Education staff and Operational staff were busy attending to the needs and enquiries from the constant flow of festival patrons.

Thousands of fire safety packs were given away and hundreds of children had their photos taken on MFB motorbikes. The Fire Services Museum crew showed off their magnificent trucks from the past and SmokeBUSTer II was as popular as ever, giving the public a realistic view of a house fire and the progression from the initial 000 call to clean-up.

- Buddha's Day

This multicultural festival celebrating Buddha's birthday was held at Federation Square. The day incorporated Buddhist ceremonies including the 'Bathing of the Buddha', Dharma ceremonies, the Wishing Bell, traditional incense offerings and a vegetarian culinary tour of Asia alongside the Yarra. The festival promotes cultural diversity and community harmony. In attendance over the two days was the SmokeBUSTer education bus and the MFB Racing Team with fire safety information for attendees.

- Lunar Festival

The annual Lunar Festival was held at Victoria Street, Richmond in January to celebrate the Chinese New Year. MFB attended this event and another similar celebration in Footscray.



Engaged Stakeholders

MFB has high visibility in the community as a dedicated and competent emergency response organisation. Increasingly, MFB is working closely with key stakeholders to achieve ongoing actions that will further enhance the safety of the community. Engaging these stakeholders is a crucial part of MFB's core function. MFB at all levels – senior management, corporate staff and operational staff – work in partnership with peers and stakeholders to deliver effective prevention, preparedness, response and recovery outcomes.

Fire Action Week

Fire Action Week – 11 to 16 October – was a call to action for all Victorians to prepare their homes and properties for the approaching summer fire season.

The week began at Plenty Gorge, with Premier John Brumby, Minister for Police and Emergency Services Bob Cameron, Minister for the Environment and Climate Change Gavin Jennings, Emergency Services Commissioner Bruce Esplin and MFB, CFA, DSE and Parks Victoria joined forces to partner with the community.

On Fire Action Day MFB hosted a press conference together with Minister Cameron at the home of Therese Barwick in Abbotsford to highlight the fact that 'city dwellers' also need to prepare their properties for the summer fire season, with many metropolitan and urban fringe homes and properties close to parklands and native reserves.

The ABC radio dedicated the day to fire preparation. MFB hosted ABC's Drive radio show with Lindy Burns in the old control room at Eastern Hill (now part of the Fire Services Museum). Interviews featured Emergency Services Commissioner Bruce Esplin, representatives from DSE, CFA and Deputy Chief Fire Officer Keith Adamson from MFB.



Commander Frank Stockton (far right) joined by DSE and MFB crews advise Abbotsford resident Therese Barwick and Minister Cameron on improvements that can be made in the garden in preparation for summer.

A Decade of Emergency Medical Response (EMR)

MFB is celebrating 10 years of the EMR program across the Metropolitan Fire District. This program gives the community greater protection during life threatening medical emergencies.

MFB firefighters are equipped with leading-edge pre-hospital emergency medical response equipment. They are educated in first responder medical procedures by Monash University, Community Emergency Health and Paramedic Practices, and are trained to respond to cardiac arrest and non-breathing patients. In 2007/08 a total of 3,655 medical calls were received, in 2008/09 this increased to 4,010 calls, and in 2009/10, the number rose to 4,110 calls received.

Activities to celebrate this milestone are expected to take place in the second half of 2010.

Gender Inclusion Action Plan

MFB's Gender Inclusion Action Plan was launched on 9 March – International Women's Day – by Danielle Green, Parliamentary Secretary for Police and Emergency Services.

The first female firefighters were recruited to MFB in 1988. Striving to be a gender inclusive organisation means that MFB will be mindful of the needs of both male and female employees and endeavour to support them equally.

As part of the plan, MFB sponsored a Victorian Women's Football League match between city and country teams on Mother's Day. The sponsorship targeted active and disciplined young women to consider a career with MFB.



Victorian Women's Football League President Debbie Lee with the MFB Gender Equity Cup.

Reconciliation Action Plan

This year has seen progress in the implementation of MFB's Reconciliation Action Plan, which promotes firefighting as a career path for Aboriginal people.

The Aboriginal Liaison Officer (ALO) engaged extensively with Melbourne's Aboriginal community including Sorry Day events, Reconciliation Week activities, and annual celebrations. The ALO increased awareness of MFB programs as a member of the Indigenous Leadership Network, a member of the Koori Heritage Trust and a member of the Department of Justice Koori Staff Network. Activities included:

- A Koori pre-employment workshop, held in conjunction with Melbourne Aboriginal Youth Sport and Recreation (MAYSAR), led to employment of an Aboriginal trainee. A series of firefighting information days held at Burnley Complex included potential Aboriginal recruits;
- A mentoring program, in conjunction with MacKillop Family Services, has been developed which will involve operational firefighters mentoring Aboriginal youth;
- The annual Reconciliation Cup, a golf challenge between firefighters and the Indigenous Golfing Association of Victoria, was held at the Kingswood Golf Club. This was a great opportunity to better the working relationships between the organisation and Koori community.

Disability Action Plan

Year two of MFB's Disability Action Plan has seen the implementation of key actions across the organisation. We continue to network and liaise with disability organisations such as Scope Victoria, Vision Australia, Leadership Plus, Australian Network on Disability, Vic Deaf, Disability Professionals Victoria, National Disability Services, Autism Victoria, Beyond Blue, Disability Emergency Management Advocacy and with the Department of Human Services.

MFB is committed to improving access for all, to buildings and to public information, and we have seen considerable progress in ensuring people with a disability can access the services they require. Highlights for 2009/10 include:

- Counselling to help deal with traumatic situations was available for all staff throughout the year;

- MFB's Disability Access Coordinator is a member of the Fire Station Design Committee to provide advice about disability egress and access. Building works have commenced to improve access for all to MFB properties, including new fire stations;
- MFB hosted fire displays across the zones tailored to deliver our fire safety message to people with disabilities. In December 2009, MFB hosted two events for the International Day of People with Disability.

Multicultural Action Plan

The Multicultural Action Plan was launched on 22 March by the Victorian Multicultural Commission Chairperson, George Lekakis. Throughout the year, MFB has been implementing a wide range of actions from the plan. Highlights of 2009/10 include:

- The third annual Iftar (fast-breaking) dinner was held at Brunswick Town Hall, with members of the Muslim community, firefighters and staff of MFB. This promoted good community relations and the sharing of traditions;
- The second 'Uniformed Services in Your Community' Expo was held in the City of Brimbank during Diversity Week. The event was conducted in partnership with the Brimbank City Council, major support from the emergency services sector, the Office of the Emergency Services Commissioner and organisational support from firefighters of MFB's Western Zone and Community Education Department. The expo was a winner of the 2009 Australian Safer Communities Awards presented by Bob Cameron, Minister for Police and Emergency Services;
- The second edition of 'Workers in Uniform – Community Guide' was launched during Diversity Week;
- Four community information sessions were held at the Burnley Complex during March and April. The sessions attracted 165 people interested in a firefighting career;

- MFB's Mechanical Engineering Department recruited a first-year diesel mechanic apprentice who comes from Ghana. The department is committed to the Youth Employment Scheme (YES) in providing opportunities to young members of the community to undertake apprenticeships.

Electronic Signage Trial

A three-month trial of a new electronic Community Safety Messaging Board project commenced in May at Bundoora Fire Station.

The aim of the project is to deliver clear and prominent community safety messages at fire stations, which are often in central locations where the volume of traffic and passers-by is high.

Sixteen signs have been manufactured and one installed at the Bundoora trial site. Following trial completion on 20 August, a review will be conducted to ensure message management and power usage is appropriate, and that the message itself is being noticed by the community.

Once this review is complete, the Signage Steering Committee will then choose from a list of the most appropriate sites to install the remaining 15 signs. In consultation with firefighters, these signs will be installed by the end of the 2010/11 financial year.



Bundoora Fire Station trials new signage for community safety messages.

A Capable & Empowered Workforce

Our Valued Staff

As at 30 June 2010, MFB employed 1724 staff in Operations, 299 in the corporate area, 52 temporary staff and 10 trainees /apprentices. This comes to a total of 2085 staff.

In the past year, 24 recruit firefighters began training in August and graduated in December.

This has also been a year for seizing promotional opportunities and renewal within the operational ranks, with 16 Station Officers graduating from the Senior Station Officers Development Program 35. With 13 weeks of consolidated leadership training together with their 337 years of shared experience, this group will also bring strong skills and experience as they continue to move through the ranks.

Ten new Commanders were also appointed in May 2010 and an order of merit established for a further 10 Senior Station Officers awaiting promotion to the rank of Commander as vacancies arise.

Moving through the ranks, three Commanders were promoted to the role of Assistant Chief Fire Officer (ACFO) in February 2010 with ACFO David Bruce now Executive Manager Northern Zone, ACFO Rob Purcell Executive Manager Operational Training and ACFO Andrew Zammit appointed Executive Manager Western Zone.



Commander's development workshop.

Organisational Development

The focus in 2009/10 remained on building a capable workforce by providing a range of professional development opportunities including conferences, international and national exchange opportunities, short courses and scholarships.

Integral to a capable workforce is leadership development. Leaders from various levels across operations and corporate staff have participated in both internal and external leadership development programs. Programs have included:

- Growing leaders and managers (internal) – 12 participants;
- Mentoring and coaching (internal) – 88 participants;
- AFAC / AIPM developing future leaders, executive development program and executive leadership program – 9 participants;
- Leadership Victoria, Williamson Community Leadership Program – 1 participant;
- Corporate Leadership days conducted internally for Commanders and above.

Workplace Behaviour information sessions were held throughout the year with a total of 295 staff attending. The sessions clarify expectations of acceptable workplace behaviour, legislative responsibilities and options available for dealing with inappropriate workplace behaviour.

Operational Training Courses

Operational Training continued to be delivered despite some restrictions of the Burnley Complex and staff should be acknowledged for their innovation and planning to achieve outcomes. New improvements made in the past year at Burnley have already resulted in an increase in operational training at the site in 2010/11.

Major achievements for 2009/10 were delivery of Foam Familiarisation training and completion of the Electrical Awareness and Fuse Disconnection training for all operational staff, development and delivery of Recruit Course 100, Senior Station Officers Course 35 and technical rescue courses in High Angle Rescue and Heavy Rescue.

These programs were in addition to normal skills acquisition courses in Pumps, Aerials and Driver Training.

In 2009/10 MFB developed training programs for Incident Management System, Flammable Gas Detection, Long Duration and Specialist Breathing Apparatus.

Training in preparation for the 2009/10 summer fire season was conducted (see page 36), as well as incident management skills maintenance (page 31).

Our Highest Honour: the Valour Medal

For the first time in 50 years, MFB's highest honour, the Valour Medal, was awarded to Leading Firefighter (LFF) Mark Fincher, Leading Firefighter Brian O'Connell and Senior Firefighter Russell Johnson. The medals were presented at a ceremony at the MCG by Police and Emergency Services Minister Bob Cameron and former MFB Board President Adrian Nye.

The Valour Medals presented recognise the extreme bravery and heroism displayed by the recipients in saving their colleague LFF Richard Zapart at a Yarraville factory fire on 12 October 2007.

Firefighters who assisted in caring for LFF Zapart and in mounting the attack on the fire were also acknowledged with Board Citations of Service and CEO Commendations for the crucial roles they played during this incident.

The ceremony was also an opportunity for MFB to acknowledge LFF Zapart for his diligence and professionalism shown throughout his career and also for his determination and courage in the way he approached his rehabilitation, both mentally and physically.

He continues to be an inspiration to his family, friends and colleagues and exemplifies the courage and dedication of MFB staff. The occasion also allowed MFB to formally acknowledge Richard's wife Elaine for the continued dedication in her caring for Richard.

MFB's Valour Medal has only been awarded six times in the history of the Brigade, the last time was 50 years ago. Thanks to the bravery and camaraderie shown by LFF Zapart's colleagues, he was rescued from the fire and received prompt medical treatment.

Award Recipients:

Valour Medal

Leading Firefighter Mark Fincher
Leading Firefighter Brian O'Connell
Senior Firefighter Russell Johnson

Board Citation of Service

Senior Station Officer Damian Foletti
Station Officer Ronald Miller
Station Officer Graham Peacock
Leading Firefighter Craig Williams
Qualified Firefighter Andrew Cliff
Qualified Firefighter Andrew Wilson
Firefighter Elise Mor

Chief Executive Officer Commendation

Station Officer Christopher Kaye
Commander Kenneth Brown



Valour Medal recipients (L-R) Russell Johnson, Mark Fincher and Brian O'Connell.

Additional recipients of CEO Commendations

Miki Wilson and Nicole O'Reilly – worked to introduce a compliance framework that assures MFB is meeting government policy in a range of crucial areas. Both Miki and Nicole led MFB's Quality and Occupational Health & Safety audit program to ensure improved business practice and safety are fundamental in everything we do. Also important to note is the essential contribution our non-uniformed staff make to ensuring MFB continues to undertake its functions and serve the community.

Station Officer Shane Harding - for providing life sustaining first-aid to a victim of serious assault.

Leading Firefighter John Fowler – even though off duty his rescue and emergency medical actions at a car crash in 2008 were a major factor in the patient (who had to be revived three times before being air-lifted to the Alfred Hospital), walking out of hospital just two days later.

Leading Firefighter Brock Ferguson – was off duty with his family at Phillip Island where they witnessed a horrifying head-on crash. Brock went to the aid of the injured, helped secure the scene against any further crashes, rendered first-aid and undertook a leadership role until emergency services arrived.

Recipients of Executive Officer Commendations

Leading Firefighter Brian Lary and Firefighter Lachlan Jacobs – quick thinking actions saved a woman threatening to jump from a two-storey building. MFB firefighters placed a nine-metre ladder on the side of the building and engaged the woman in conversation. The woman, however, suddenly slipped. LFF Lary and FF Jacobs quickly secured the woman and prevented her from falling to her death. The crews of Burwood and Glen Waverley Fire Stations C shift were also commended on their actions.

Station Officer Ken Pannell, Qualified Firefighter Paul Hart and Leading Firefighter Michael Hanneberry - for rescuing a person in the water near Altona pier, who presented with spinal injuries.

Australian Fire Service Medals

Australia Day Honours

Leading Firefighter Stephen O'Malley - recognised for distinguished service, leadership and dedication, particularly in the area of fire safety and awareness within the multicultural community.

Assistant Chief Fire Officer Andrew Zammit - recognised for his long and distinguished service and leadership, particularly in the consolidation and enhancement of emergency medical response service delivery and training. Also acknowledged was his work in the promotion and development of a supportive framework for diversity within MFB.

Queen's Birthday Honours

Station Officer Noel Flakemore - for outstanding service and leadership, particularly through his role as a health and safety representative, and the encouragement and mentoring of others in this field.

Commander Bryan McCarthy - for outstanding service and leadership, particularly in the field of community safety and emergency management.

Long and Good Service Recognised

The annual Long Service and Good Conduct Awards were presented to more than 300 MFB firefighters and staff members at a ceremony at the Royal Melbourne Zoo on 22 November.

Parliamentary Secretary for Emergency Services Danielle Green presented the awards for 20, 25, 30, 35 and 40 years of Long Service and Good Conduct.

Academic Achievement Awards

During the year, 68 staff received awards for academic achievement.

At the Long Service and Good Conduct Awards ceremony, awards in recognition of academic achievement were presented by Chief Executive Officer Ken Latta, who acknowledged studies ranging from Certificate IV qualifications through to Masters Degrees. "The academic awards recognise the commitment our staff have shown to their studies and they should all be very proud of their hard work and success," he said.

A special award was presented to Ken Latta by former President Adrian Nye, in recognition of Ken's completion of the Australian Institute of Company Directors course.

Health & Safety First

MFB's ageing workforce continues to provide challenges – not only with the demanding emergency response environment, but also in maintaining physical resilience against the development of gradual-onset conditions.

MFB's Health & Safety program action plan has 10 components:

1. Prevention of falls during operations
2. Enhanced OH&S incident reporting
3. Review of exposure prevention procedures
4. Firefighter health, fitness and resilience
5. Engagement and communications
6. Workplace behaviour and stress
7. Fireground rehabilitation and fatigue
8. Claims management, rehabilitation and return-to-work
9. Appliances
10. Manual handling

MFB's Active program (associated with Items 4 & 5) provides more suitable gym equipment in fire stations, training in nutrition and resilience-building exercise programs and further develops the network of volunteer fitness leaders.

The Employee Support program (Item 6) provides a range of support activities for employees, and their families, seeking assistance with emotional issues. A new Workplace Behaviour policy framework has been established and training has commenced for all employees.

Significant engagement has been undertaken by MFB WorkCover and Rehabilitation staff in developing increasingly effective relationships with the WorkSafe agent (GIO) and medical providers.

MFB management works with its employee Health & Safety Representatives (HSRs), fitness leaders, employee support program peers (all of whom are volunteers) and with WorkSafe Victoria to improve health, safety and welfare arrangements for all MFB employees. The arrangements worked very well during the year, and MFB had a positive engagement with WorkSafe through its Employer Performance Management program.

Employee Relations

Negotiations for the new Operational Staff, Commanders and Assistant Chief Fire Officer Agreements are ongoing. The challenge for MFB is for these agreements to be finalised and to result in fair wage increases for the employees concerned, while also providing benefits for MFB.

Consultation with the UFU and other unions occur on a regular basis. MFB remains focused on ensuring genuine consultation operates without undue delay, consistent with the obligations contained in the various collective agreements operating in MFB.

The Award Modernisation process was a Federal Government initiative to modernise existing awards, including the Victorian Firefighting Industry Employees Award 2000. Significant consultations and submissions were required by Fair Work Australia. The department highlighted the implications of a new modern award to other fire services within Australia.

Holistic Planning

Future of Learning and Development (FOLD) Project

The FOLD project has two streams – one is focused on establishing appropriate facilities and infrastructure to provide in-house training (facilities stream), while the other is focused on creating learning programs to develop the skills of both operational and corporate staff (strategic development stream).

The FOLD Facilities project team began work in March 2009. Progress to date includes:

- The June 2009 Board meeting gave direction for a project team to be implemented to review the organisation's current training facilities and determine future requirements;
- Conducted a property search based on pre-determined criteria. The search indicated the northern metropolitan area as the most strategic location for operational efficiency. A preferred site for purchase was identified;
- A training needs analysis was conducted to determine the organisational risks associated with inability to provide suitable training due to lack of facilities and resources;
- Development of conceptual design, layout, construction and approximate costs through:
 - Consultation with external providers on proposed design and specifications,
 - Consultation with internal subject matter experts;
- Development of a Board paper and presentation resulting in the CEO's decision to enter into due diligence period on the preferred site;
- Consultation with other Emergency Service Organisations regarding training needs, facilities and future demand;
- Board approval to proceed with the preferred site acquisition and approval of the Business Case to be confirmed in July/August 2010.

The FOLD Strategic Development team, through extensive negotiations introduced the Operational Training Framework 2010. This revised framework will result in all future operational training being aligned to national qualifications based upon the Public Safety Training Package which is recognised throughout Australia. The resolution of this item had immediate impact with the Commander Development Program being aligned to the new framework.

The FOLD Strategic Development project commenced in November 2009. Activities to date include:

- An Organisational Learning Policy has begun which aims to embed a learning culture into MFB and maximise training opportunities;
- A review was conducted for recording operational skills maintenance and to determine operational skills maintenance requirements;
- An analysis was conducted of training required for corporate staff to develop their management skills.

Opportunities for Improvement

The horrific summer fire season of 2008/09 brought about many changes and encouraged MFB to work even more closely with our emergency services colleagues, in extreme conditions never seen before. This presented us with a number of challenges as the fires were prolonged and the recovery effort enormous.

Following the events of February 2009, MFB conducted an internal "Opportunities for Improvement" debrief, and asked all operational staff for their input on what worked and what we could do better next time through our operational firefighting.

One initiative embraced is the use of support trailers, designed for strike teams and used for any MFB response. These trailers carry chainsaws, fuel, a generator, a drinks cooler, couplings and quick-fill pumps. These trailers were ready for the 2009/10 summer fire season. MFB preparedness levels were raised to unprecedented standards.

MFB also dedicated additional resourcing for the Logistics group, including equipment and resource management to support the MFB's Emergency Control Centre (ECC) when it opens in times of extreme emergencies or heightened risk.

Operational staff also provided feedback on the taskforce activation guidelines, and we have incorporated improvements including:

- Composition of future strike teams;
- Adoption of a payroll cell within the ECC under the delegation of the Planning Officer, to ensure correct pay rates for those on strike teams.

A Response Capability Guide was also produced and distributed to other emergency services, to help clarify MFB capabilities from a people, skills and equipment perspective.

This debriefing process was such a success that it will continue to be used as a template in future.

Emergency and Incident Management

As a result of the February 2009 bushfires that swept across Victoria and the subsequent Victorian Bushfires Royal Commission (VBRC), the Emergency Response Plan (contained as Part 3 of the Emergency Management Manual Victoria) was extensively reviewed, led by Victoria Police.

MFB collaborated extensively with Victoria Police in this review, which has resulted in changes around command, control and co-ordination.

While this review continues, a second working group was asked to determine the appropriateness of the current Australian Interagency Incident Management System. AIIMS is an incident management structure implemented by emergency response agencies to effectively manage and mitigate incidents.

AIIMS provides guidance on appropriate incident control, devolving responsibility and appointing, among others:

- Operations Officer
- Planning Officer
- Logistics Officer
- Safety Officer

The new role of Public Information Officer has been elevated from within the Information Unit. The officer will sit beside the Operations, Planning and Logistics Officers at an incident. This officer's role will be to provide timely public information including the activation of Emergency Alert and the Standard Emergency Warning Signal, as determined by the Incident Controller.

Assistant Chief Fire Officer Michael Walker developed comprehensive skills maintenance sessions for senior MFB command staff at the rank of Commander and above (and Senior Station Officers who may act up to this level in future). This included changes made to the 'Command and Control' structure which had been altered after the VBRC interim findings were released in August 2009.

A modified skills maintenance program including a focus on key incident management topics was also delivered to all Leading Firefighters and up to Senior Station Officers.



Operational Communications for the Future

During 2009 and early 2010, the Victorian Department of Justice began work on a strategy to further improve operational communications used by emergency services.

MFB worked closely with both the Department and other emergency services to help develop a strategy that will assure the flow of critical communications within and between responding agencies.

The new strategy builds on the success of the previous strategy, which improved the quality of MFB's operational communications considerably. The new strategy intends extending those improvements beyond the metropolitan region, delivering better information to responding units and better response to the community.

By participating collaboratively in this work, MFB is well positioned to adopt new or improved operational communications as they become available.

In addition, MFB has joined the EAS (Emergency Alerting System) paging system, used by CFA, SES and Ambulance Victoria, and is now using this service for all MFB operational paging. MFB negotiated this through CFA to simplify administration and management.

Environment and Sustainability Report

MFB has made good progress implementing its Resource Smart environmental strategy. This environmental strategy aims to reduce the environmental impact of all organisational activities including facilities management, fleet and firefighting operations.

Water Conservation

15 per cent water reduction by June 30 2010 compared to 2005/06 ✓

Metered water usage in the organisation has reduced by 15 per cent since 2005/06. This is a great achievement and is attributed to the implementation of water efficient fittings at all properties and awareness of employees.

MFB's sustainable water program in 2009/10 also saw the implementation of a second water recycling module, replanting of gardens with native drought tolerant plants, garden irrigation from rainwater tanks, design of four rainwater harvest and treatment systems and planning for an innovative firefighting foam water treatment and re-use system. Savings achieved from one water recycling module in use for training drills in 2009/10 was in excess of 11 megalitres of water.

Preparing for Climate Change & Energy Reduction

Improved preparedness for climate change impacts ✓

In 2009/10 MFB evaluated its capacity to respond to severe weather events in preparation for future climate changes. This work involved other Victorian emergency service organisations and supports the Victorian Government's climate change green paper goal seven, "managing community risks through good planning and emergency response systems". MFB is now implementing an action plan to build on the operational capacity to respond to severe weather events.

Reviewed Fire Station Property Development Environmental Standards ✓

In September 2009 MFB established an organisational commitment to implement the equivalent of 5 Green Star designed buildings. Work has commenced on modifying the station design guidelines and processes to adopt this new policy. These changes are an important milestone for MFB in reducing current energy use and carbon emissions.

Transportation

Improved fuel efficiency of light vehicle fleet ✓

The fuel efficiency of the light vehicle fleet has improved four per cent since 2005/06. This has been largely due to the replacement of six cylinder passenger vehicles with four cylinder vehicles and replacement of unleaded petrol utes with LPG utes. MFB will be purchasing the new Toyota Camry Hybrid vehicle to replace the current Toyota Altise four cylinder sedan. All new operational vehicles are built to Euro five standard.

Procurement

Reduction in quantity of paper purchased ✓

All MFB tendering processes require an assessment of environmental criteria. Opportunities to further improve the sustainability of MFB's purchasing practices were identified during a review of the Victorian Government Purchasing Environmental Policy in February 2010. MFB purchases only recycled paper for its A4 copy paper and aims to reduce the reliance on paper processes. The total quantity of paper purchased in 2009/10 was five per cent less than 2008/09.

Waste and Recycling

Completed waste audits ✓

In 2009/10 waste audits were undertaken across a sample of facilities and identified a number of opportunities to reduce the quantity of waste going to landfill and improve the rate of recycling. Recycling rates in 2009/10 remained unchanged at 21 per cent. MFB aims to achieve a recycling rate of 80 per cent by 2014.

Environmental Indicator report (FRD24c)¹

Environmental Indicator	Unit of Measure	05/06 Baseline	07/08	08/09	09/10
Water²					
Consumption per FTE ³	KL per FTE	15.7	13.7	14.1	11.9
Total consumption	KL	29,171	26,732	28,047	24,620
Energy (Electricity and Gas)⁴					
% Green Power purchased	Percentage	15%	15%	15%	15%
Energy Consumption per FTE	GJ per FTE	24.1	23.7	25.7	24.0
Energy consumption	GJ	44,788	46,420	51,330	49,892
Greenhouse Emissions⁵					
Greenhouse emissions -waste disposal	tonnes CO ₂ ^e	286	283	289	293
Greenhouse emissions -electricity and gas use	tonnes CO ₂ ^e	9,397	9,876	10,596	10,604
Greenhouse emissions -light fleet	tonnes CO ₂ ^e	1,140	1,193	1,271	1233
Greenhouse emissions -operational fleet	tonnes CO ₂ ^e	1,838	2,039	1,950	1,952
Greenhouse emissions -air travel (flights)	tonnes CO ₂ ^e	n/a	n/a	118	125
Total MFB Greenhouse emissions	tonnes CO ₂ ^e	12,661	13,391	14,224	14,207
Paper⁶					
Use per FTE	Reams per FTE	4.9	4.5	4.6	4.1
Total Use	Reams	9,028	8,825	9,024	8,543
Average recycled content %	Percentage	n/a	46%	49%	49%
Waste & Recycling⁷					
Waste generated per FTE	m ³ per FTE	3.8	3.2	3.4	3.3
Total Waste	m ³	7,060	6,299	6,643	6,792
Total Recycled	Percentage	25%	19%	21%	21%
Transportation (light fleet)⁸					
Fuel consumption per FTE	GJ per FTE	9.2	9.2	8.9	8.3
Total fuel consumption	GJ	17,079	17,995	17,742	17,123
Travel (light fleet) per FTE	kilometres per FTE	2,186	2,145	2,126	2,035
Total travel (light fleet)	kilometres	4,059,721	4,191,738	4,239,766	4,221,467
Employees regularly using public transport, cycling or walking to and from work ⁹	Percentage	36%	n/a	45%	n/a

¹ Environmental data is reported for all MFB facilities (fire stations, offices, training facilities and includes Ambulance Victoria consumption at co-located sites). Reported data excludes all usage and waste associated with direct fire fighting activity.

² Water use data is metered potable water for all MFB sites inclusive of offices, training centres and fire stations. Usage does not include fire water used in operations, training drills or water used in commissioning of Burnley's water re-use facility. The 2009/10 year is represented by 12 months of data from April 2009 - March 2010 (quarterly invoice period prevents June 30 data from being available until September 2010).

³ FTE - Full time equivalent staff as at the end of the financial year.

⁴ Energy use includes electricity and natural gas consumed at MFB offices, training centres and fire stations. The 2009/10 year is represented by 12 months of data from April 2009 - March 2010 (quarterly invoice period prevents June 30 data from being available until September 2010).

⁵ Greenhouse gas emissions are reported using scope 1, 2 and 3 emission factor calculations from the Australian Greenhouse Office. Greenhouse emissions from energy use (electricity and natural gas) are calculated including the credit from 15 per cent Green Power purchase. Greenhouse emissions from operational fleet include emissions from use of fire trucks and appliances.

⁶ One ream is equivalent to 500 sheets of A4 paper. Recycled content is calculated as the average percentage of recycled content of paper purchased.

⁷ Waste and recycling measurements are based on total volume of bins collected from MFB sites (m3).

⁸ Transportation light fleet is inclusive of all corporate administration vehicles (hybrids, LPG and unleaded petrol cars). It excludes all operational vehicles.

⁹ Data on employee modes of transport are obtained from the 2005 and 2008 TravelSmart Survey. Sites surveyed include offices Eastern Hill, Thornbury, Burnley (2008) and Smith Street (2005) only.



A new water recycling pod has been installed at the Mechanical Engineering Department in Thornbury. The department expects to save seven megalitres of water per year. Station Officer Garry Watson shows Smart Water Fund CEO Christine Cussen how the pod works. With their funding assistance MFB have developed and produced two water recycling modules.

Well Managed Performance

Victorian Bushfire Royal Commission (VBRC)

The VBRC Implementation project was established, to include five key areas which captured recommendations from the VBRC and MFB's operational improvements review. The five key areas were:

- Community Warnings
- Prepare, Act, Survive
- Incident Management / Emergency Management
- Opportunities for Improvement
- External Communications

During a period of intense focus on the VBRC interim findings, changes in the Operations Directorate occurred in order to allow the Chief Fire Officer, Tony Murphy, to dedicate time to MFB's implementation strategy. At this time five Assistant Chief Fire Officers from the Zones and Operations Improvements formed a cohesive functional management committee to manage the daily operations of the Directorate.

The VBRC Implementation project concluded after successfully delivering on its objectives. This included:

- Input into the Community Warnings system;
- The rollout of wildfire trailers and ancillary equipment to assist MFB staff deployed on strike teams in support of CFA;
- Staff training on changes arising from the VBRC interim findings. All operational staff were also briefed on summer fire preparedness, safety on the fireground and the new operational protocols. Additional refresher seminars were held for senior staff;
- Enhanced information provided to the community;
- MFB capability information delivered to external agencies so that they are better informed on how MFB can contribute to total emergency management.

MFB's efforts were commended by the VBRC Interim Report Implementation Monitor Neil Comrie, now President of MFB.

Wild Weather Brings Teams Together

As the state's control agency for storms, the Victorian State Emergency Service (VICSES) had an enormous task ahead when on Saturday 6 March a ferocious hail storm whipped across Melbourne.

VICSES was overwhelmed with over 7000 calls for help, while MFB was also inundated with over 300 storm-related incidents. Additional crews were called in to assist.

MFB's Emergency Command Centre was activated at 15:20 hours, operating overnight to coordinate MFB crews and provide assistance to VICSES.

Five MFB Liaison Officers and five specialist Rapid Impact Assessment Teams (RIAT) were despatched to VICSES Units in St Kilda, Footscray, Essendon, Waverley, Malvern and later to Knox, where they assisted in prioritising calls in the local area and conducted assessments. Liaison Officers were also mobilised to assist at VICSES Central Region Headquarters, and at the State Control Centre.

The function of RIAT was to provide an evaluation of the extent of damage within the community. This information was utilised by VICSES, Department of Human Services and the State Government. Teams also assisted VICSES to prioritise the urgency of calls received.

MFB crews were active in the field working to secure debris from buildings and rescue people from cars trapped in flood water, as well as working with Ambulance Victoria to assist in the movement of people to higher ground at some hospitals and aged care facilities. Other specialist resources including Urban Search and Rescue, and High Angle Rescue equipment and teams were deployed at various incidents.

MFB calls returned to normal levels on Sunday, however the inter-agency assistance continued until the following Wednesday. These extreme weather conditions showed the best of MFB capability to work together with other emergency services, providing much needed assistance in the affected communities.

Incidents Attended

MFB attend various types of incidents. Below is a broad sample of responses which highlight the versatility and professionalism of MFB firefighters and that of fellow emergency services. Most incidents often require a team effort for a successful community safety outcome.

Did you know?

A "Level 1" incident is the first level of severity for MFB incidents; this number increases according to severity, risk and quantity of resources required. These levels are often referred to as 1st alarms, 2nd alarms etc. as well. The higher the alarm level, the more resources required.

Private residence, Watsonia

LEVEL 2, 08/07/09, 18:59 hours

Children playing with a cigarette lighter were believed responsible for starting a fire that caused extensive damage to a brick veneer home in Watsonia. Firefighters from Northern Zone B Platoon were joined by the Plenty CFA Brigade in responding to the second alarm incident, arriving to find one end of the house on fire. Firefighters used breathing apparatus in their attempts to stop the spread of flames. Despite best efforts, there was significant damage caused by heat, smoke and water. With no smoke alarms fitted in the house, the family were fortunate the outcome was not worse.

Silver Top Taxi office, Collingwood

LEVEL 4, 28/07/09, 08:20 hours

Workers at the Silver Top Taxi call centre and office heard loud bangs and were forced to evacuate. All 25 workers were able to escape the two-storey building unharmed. The office's timber frames and floor caused intense heat, making it a difficult fire for firefighters from Central Zone C Platoon to bring under control. Risk of internal structure collapse initially restricted access to the seat of the blaze and aerial appliances were used to attack the flames from above. The fire was eventually contained to a mezzanine level and brought under control in just over 90 minutes. Damage to the building was extensive.

Private residence, Altona

LEVEL 2, 09/08/09, 21:34 hours

The dangers of hoarding were highlighted at a house fire in Altona. Firefighters from Western Zone B platoon found nearly every room of the weatherboard house filled with hoarded items, making access difficult. The fire started in the roof, fuelled by large quantities of old newspapers and bric-a-brac stored on makeshift flooring. In addition to this, water-soaked newspapers became too heavy for roof timbers to support, causing the ceiling to come crashing down. A man aged in his fifties suffered minor smoke inhalation, but declined treatment.

Patrick's Terminal, West Melbourne

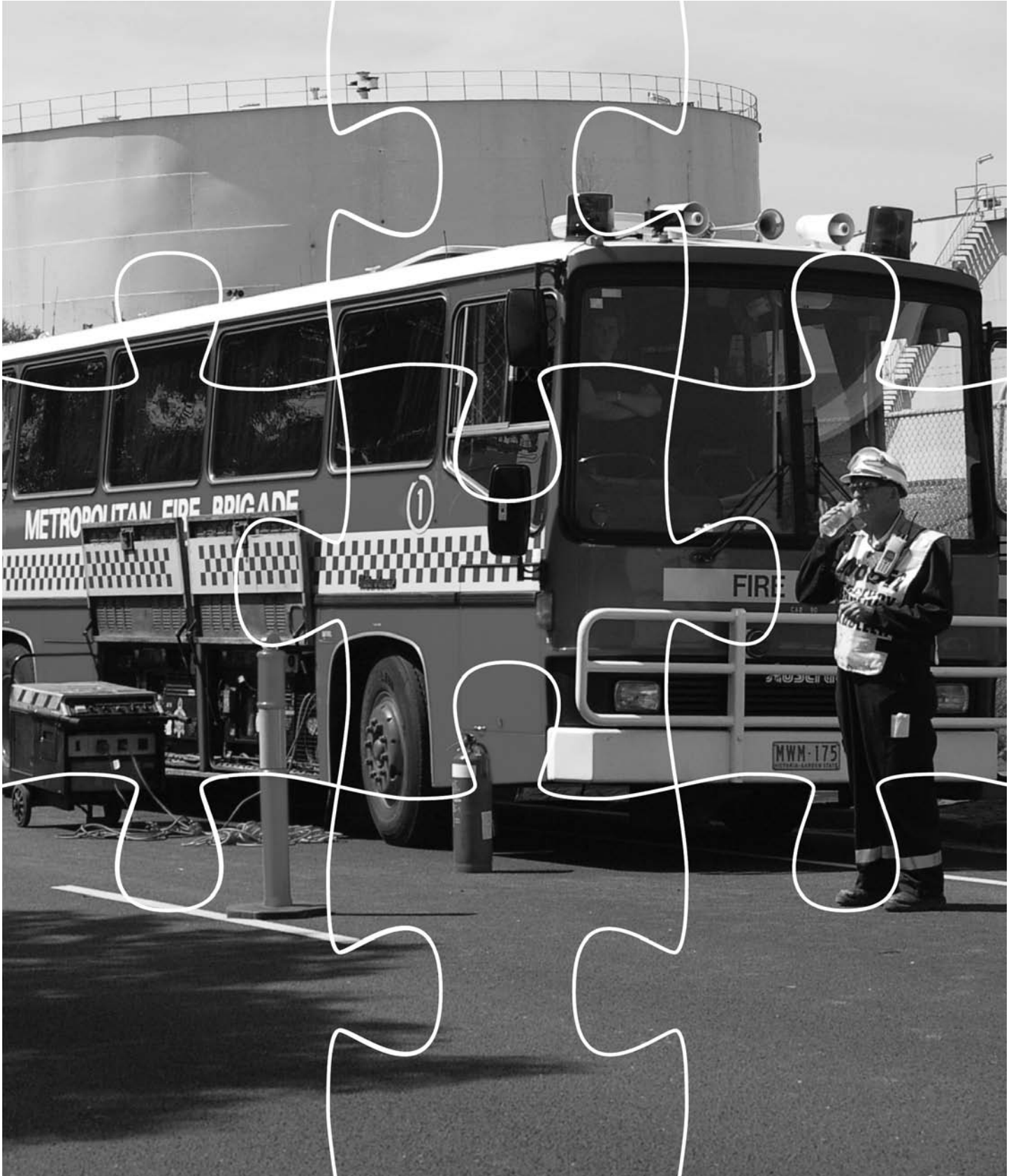
LEVEL 3, 09/11/09 04:41 hours

A spill of battery acid from a container on the vessel (Italmoderna) caused a hazardous incident at the Patrick Terminal, with over 40 firefighters and 15 appliances from Central Zone D Platoon called to contain and neutralise the leak. MFB fire crews were called by workers early in the morning and remained on scene for many hours, removing the contents of the container and preventing further damage. Wearing fully protective clothing and breathing apparatus, MFB firefighters were able to contain and neutralise the leak to 20-30 litres of the corrosive and toxic product. The leak appeared to be caused by movement of drums within the container during shipping.

Private residence, St Albans

LEVEL 2, 09/01/10, 19:26 hours

A faulty evaporative air conditioner is believed to have caused a fire in the roof of a St Albans home. While firefighters from Western Zone A Platoon brought the blaze under control in 20 minutes, the roof area was extensively damaged by the fire. Other parts of the brick veneer home sustained smoke and water damage. One firefighter received minor burns, and was treated by paramedics on scene. This was a timely reminder to householders to have air conditioning units serviced regularly to minimise the chance of a fire.



MFB respond to the incident in Altona.

Old Kodak Building, Coburg North

LEVEL 3, 30/1/2010, 17:07 hours

A fire was contained to the top floors of the five-storey brick building. Crews from Northern Zone B platoon located a rubbish fire on the fourth floor of the disused derelict building which is to be demolished in the near future. Firefighters also conducted a search of all floors, as squatters were known to frequent the premises. The fire was brought under control in 90 minutes and handed over to police to investigate suspicious circumstances.

Mobil Refinery, Altona

LEVEL 3, 08/02/10, 23:47 hours

MFB was called in to contain a leak of unleaded petrol from a large storage tank. The tank was 40 per cent full, and contained 3.5 million litres of fuel. The leaked fuel was fortunately captured in the bund surrounding the tank. Fire crews poured foam over the spilled petrol to reduce the chance of ignition while Mobil personnel commenced the long process of transferring the fuel to another storage tank. Following a changeover of crews, the incident was scaled up on Tuesday morning, with over 50 MFB firefighters and 16 appliances on the scene at the peak of operations. MFB scientific officers monitored atmospheric levels downwind of the bund, to ensure there was no risk to workers and neighbouring communities, as well as monitoring nearby creeks and waterways, which remained clear. MFB operations were scaled down Tuesday evening, however a presence remained on scene in the following days until the clean-up was complete.

Door manufacturer, Nunawading

LEVEL 3, 30/3/10, 13:45 hours

MFB responded to a large fire started at a Door manufacturer in Nunawading. Fifteen appliances and 50 firefighters responded to the fire, fed by flammable liquid. Firefighters were able to prevent the fire spreading to businesses on both sides. A particular problem was the intensity of the fire caused by an asbestos roof which began to break apart. As a result asbestos decontamination processes were put in place. Employees of businesses in the immediate vicinity were evacuated to a safe area until the fire was brought under control in 50 minutes. Nobody was injured. MFB was supported by Ambulance Victoria, Victoria Police, Jemina Energy, City of Whitehorse, Worksafe and CFA.

Closer Links With Other Emergency Services... and the Public

- In December 2009, MFB joined with other Australian emergency services agencies in connecting to Emergency Alert. Emergency Alert allows trained operational staff to notify residents in targeted geographic areas with phone warning messages: either on fixed land lines or mobile phones via a text or voice message. Having the ability to notify communities quickly and effectively was a key outcome of the VBRC Interim findings.
- MFB's Electronic Incident Action Plan (eIAP) was upgraded this year to enable multiple users to access the system simultaneously. This eIAP software gives Command staff the ability to develop a comprehensive action plan from information obtained on the fire ground (scene of an incident). It provides a process for the Incident Controller to maintain high standards of record keeping for complex emergency incidents. This update was developed by MFB in collaboration with fire services in Queensland, Northern Territory and New Zealand.

The software has been installed on various computers in MFB including the existing and new control units. Specialist staff training, including the use of the eIAP is currently underway.



- In October 2009, MFB began hosting the Internet-based SAP Customer Relationship Management (CRM) system for CFA. This application allows the public to book themselves into community meetings in municipalities across Victoria. The meetings are designed to educate people about fire dangers, what to do and how to create a safety plan. The CRM also allows people to register their interest and subscribe to receive information during an incident in their area.

By managing this web application for CFA, this means the application runs on MFB computer systems in the MFB data centre. In addition MFB provide technical support to maintain, modify and manage the systems to meet CFA's changing needs.

Small Improvements... Big Impact

Over the past year there have been a number of logistical improvements that enhance the operations of our organisation.

- MFB has implemented quarterly FireStat forums with Zones. These promote a deeper understanding and analysis of performance and assist to develop strategies for improvement. The sessions also recognise successes which can be shared with other Zones. In 2010/11 FireStat will be rolled out to other Directorates and evolve to capture other performance metrics and expand across all aspects of MFB business and service delivery.
- Detailed Risk Profiles are being prepared for each fire station. These profiles comprise of demographic data and maps summarising the risk in each area as well as address information for properties contributing to a risk.
- Over 2009/10 we have focused on developing our mobile data capability to allow easy and secure access to MFB information systems from mobile phones, laptops, i-phones and similar devices, and continued research on extending our Station Turnout System into appliances.

- A joint project between the Information and Communications and Operational Communications departments will develop a next-generation response project, using MFB and ESTA network facilities and MFB applications. This project when completed will enable our firefighters to be better informed when attending incidents, and allow better integration of information flow between fire crews and central IT systems.
- Development has also been underway on enhancing the Firefighter Recall system (for normal recall and during surge periods), Skills Maintenance and the Business Information Reporting system, expected to go live within the coming months.
- A Best Practice management model for Protective Action Decision-Making was developed by MFB, in conjunction with CFA, Department of Human Services and the ChemCentre (WA). This model has been developed in a time where heightened community awareness has led to expectations for timely and accurate information and warnings. This research project was made possible by the Office of the Emergency Services Commissioner (OESC), through the Victorian Emergency Management Grants Program. The project incorporated an extensive review of world's best practice in this area, including scientific research to validate that Shelter-in-Place (e.g. to take shelter in your home) can provide community protection.

Key outcomes of the project include:

- 1) decision guides for the emergency services, industry and the local government sectors; and
- 2) support tools to assist incident controllers on how best to manage public safety.

This project is ongoing, research findings are now being implemented across these sectors.

Preserving Our History

Continuing MFB's commitment to the maintenance of important assets, the historic old Eastern Hill fire station has had the slate roof rejuvenated, replacing dilapidated roof metalwork to make the building water-tight. In addition the old communications room has been restored to its former glory.

Operational Uniform Update

Personal Protective Clothing and Equipment

The FireMark structural firefighting garment was decommissioned in October 2009, with the completion of the rollout of the new PBI Gold structural firefighting uniforms. The rollout includes new structural boots and the second issue of flash hoods.

In addition to this the electronic uniform catalogue was enhanced which will provide firefighters with a dedicated service kiosk and offer simplicity and convenience through ease of use and flexibility of location allowing firefighters to raise service requests quickly. Personal protective clothing is tracked using RFID (radio frequency identification chips) in each item of clothing, so firefighters can track where all his/her garments are located when submitted for laundering.

Station wear

MFB commenced the distribution of new station wear for all operational staff on 31 May. The distribution will be completed later in 2010.

The uniforms are tailored for both men and women and have been designed with comfort and safety in mind. The fabrics are durable, they breathe easier and many of the fabrics are fire retardant.

The new station wear is compatible with the new structural firefighting garments, meaning a more comfortable fit while attending incidents.



The Board & Leadership Team

The Board

Neil Comrie

President

AO, APM

Neil was appointed President on June 30, 2010. A career police officer, Neil joined Victoria Police in 1967 and, after serving initially in uniformed and then specialist roles, in 1990 was appointed Assistant Commissioner, Queensland Police Service. In 1993, Neil returned to Victoria when he was appointed the 18th Chief Commissioner of Victoria Police. He retired in 2001 after eight years in this position.

More recently, Neil acted as the Independent Monitor for the implementation of the Victorian Bushfire Royal Commission Interim Report. He has also undertaken a range of sensitive and significant inquiries and projects on behalf of Government and internationally. Neil brings to MFB significant emergency services experience.

Ian Spicer

Deputy President

AM, LLB, FAIM, FCIM, AICS

Ian was appointed to the Board in September 1997 and became Deputy President in June 2006. Ian chairs the Board's Risk and Audit Committee. He has more than 35 years experience in representing Australian business both nationally and internationally and as a company director.

Ian performed the role of Acting President from 24 March until 29 June 2010. Ian is a Board member of the Australian Institute of Health and Welfare and has been a member of a number of Australian Government advisory bodies. He was Chief Executive of the Australian Chamber of Commerce and Industry and, previously, Chief Executive of the Confederation of Australian Industry and the Victorian Employer's Federation (now VECCI).

Anne Barker

LLB

Anne was appointed to the Board in December 2008. Anne graduated in law from the University of Melbourne and after 12 years in legal practice took up management positions at Myer Stores Ltd, ANZ Banking Group Ltd, and later became Executive Manager of the Commercial/Reset Team at SPI Powernet Pty Ltd (then Victorian electricity transmission network owner). Anne was appointed Managing Director of City West Water Ltd in 2002.

In these positions, Anne has had a range of experience, including leading an organisation through times of significant change, economic regulation, cost control and consumer protection. Anne is currently a Director of LeadWest, a member of Victoria's Plumbing Industry Advisory Council and a member of the Whitelion Leadership Council.

Jay Bonnington

BCom, MBA, FAICD, FCPA

Jay was appointed to MFB Board in July 2006. Jay started her career as an accountant and worked in the UK, USA, Europe and South Africa. She worked in the construction, engineering and manufacturing, electricity and financial services sectors, and was CEO of the Make-A-Wish Foundation Australia until 2005.

Jay now serves as a non-executive company director on a number of boards, including the St John of God Health Care Group, Prahran Market, Agriculture Services Victoria Pty Ltd, and the Royal Botanic Gardens. She is an honorary board member on the Queen's Fund, a not-for-profit organisation assisting women and children in need. She is also on the board of the Lord Mayor's Charitable Foundation and Prince Henry's Medical Research Institute.

Ken King

BForSc (Hons), DipFor (Creswick)

Ken was appointed to the Board in July 2008. Ken has also been on the CFA board since 2003. His appointment helps maintain our important relationship with CFA. Ken retired recently from a long and very successful career in the Department of Sustainability and Environment (DSE) and its predecessor departments.

Ken has held senior positions in land management, forestry and bushfire management, one of which was as the DSE's Regional Manager for northwest Victoria, South Gippsland and the Port Phillip area which covers metropolitan Melbourne. Ken has also been on the board of Parks Victoria since 2005. Ken brings to the Board extensive experience in government and statutory authorities.

Geoff Lake

BA (Hons), LLB (Hons)

Geoff was appointed to the Board in June 2005. Between 2006 and 2009, he chaired the Board's Governance and Risk Committee. Geoff practises law at a national commercial law firm. He is currently president of the Australian Local Government Association (ALGA) in Canberra, which represents 565 local councils across Australia. As ALGA President, he is a member of the Council of Australian Governments (COAG) alongside the Prime Minister and state and territory leaders.

Geoff has been a councillor in the City of Monash since 2000, has served two terms as mayor, is a former president of the Municipal Association of Victoria (MAV) and continues to serve as a board member of the MAV.



Organisational Leadership Team

Graham Fountain

Chief Executive Officer and Chief Officer

Grad Dip Executive Leadership, Assoc Dip Applied Science (Fire Tech), GAICD

Graham joined MFB on April 6, 2010. He comes to MFB from the Confederation of Australian Motorsport, where he was Chief Executive Officer for three years. This role saw him implement best practices in finance, planning and governance in a large national organisation with significant international interfaces. Prior to this, Graham had a 20-year operational career with CFA, reaching the rank of Deputy Chief Officer. His strong background in firefighting, his international education and executive experience will be used to further understand and work through issues at MFB.

Keith Adamson

Director Community Safety and Deputy Chief Fire Officer

AFSM, Grad Dip Mgt, MIFireE, Grad EFOP (USA)

Keith is responsible for developing and delivering community education programs, providing advice to the building industry and ensuring compliance with codes and regulations covering the built environment and the handling, storage and transport of dangerous goods. Responsibility for MFB's specialist operational functions and involvement in state and national emergency preparedness arrangements were added to the directorate this year. This directorate also manages investigations into the cause of serious fires and the analysis of fire behaviour in built structures. Keith joined MFB in 1973, and was formerly the Director of the Office of the CEO.

Alison Brideson
Director Corporate Governance and
Corporate Secretary

BA, LLB

Alison was appointed Director in October 2009. She is responsible for the Corporate Secretariat which supports the Board and Organisational Leadership Team. Her Directorate covers the provision of legal services, compliance matters, Freedom of Information requests, whistleblower reports and provides the Registrar for the Metropolitan Fire and Emergency Services Appeals Commission. The Directorate also carries the responsibility for Communications and Media, Fire Equipment Services, Records Management Services and Diversity Development. Alison comes to MFB with a background as a legal practitioner and company secretary in private practice, the not-for-profit and public sector, including the Australian Defence Forces.

Tony Murphy
Director Operations and Chief Fire Officer

AFSM, MBus, Grad Dip HR/IR, Assoc Dip Applied Science (Fire Tech), GIFE, Grad EFOP (USA), GAICD and Dip Project Management.

Tony is responsible for MFB's emergency response activity across the four zones of the MFD. This includes focus on continuous improvement, response to key risks, contributing to the development of and compliance with emergency management arrangements, and fostering relationships with other emergency service organisations. He began his MFB career in 1979.

Peter Rau
Director Operations Support and
Deputy Chief Fire Officer

Grad Dip BA, Assoc Dip Applied Science (Fire Tech), Advanced Dip Firefighting Management, GIFE, GAICD.

Peter's directorate provides support to the Operations and Community Safety directorates through the management of operational communications, operational training, fleet, mechanical engineering, equipment and resource management and the FOLD projects. Peter joined MFB in January 2009 after serving 26 years with CFA. His industry experience is invaluable and will assist this directorate and MFB to further build closer relationships across the sector.

Shane Wright
Director Capacity Development and
Deputy Chief Fire Officer

AFSM, MIFireE, M. Bus, Grad Dip BA, Assoc Dip Applied Science (Fire Tech), Grad EFOP (USA)

Shane, who has been with MFB since 1981, is responsible for human resources including occupational health and safety, employment and professional development and industrial relations. He is also responsible for research, performance monitoring, data analysis, corporate planning and information and communications systems.

Harry Wiedemann
Acting Director Business Management

CPA, Bachelor Business (Accounting), GAICD

Harry joined MFB in 1989. Prior to this role as acting Director he was Executive Manager Finance & Resource Budgeting. His area of responsibility includes finance, risk management, business assurance, contracts and procurement, alarm assessments and statutory contributions.

Organisational Structure

MFB Board

Chief Executive Officer and Chief Officer



Services to create a safer community

Corporate Governance Report

This statement outlines MFB's current Corporate Governance practices.

Responsible Minister

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

Functions and Powers

The Metropolitan Fire and Emergency Services Board (MFB) is a statutory body established in Victoria pursuant to the Metropolitan Fire Brigades Act 1958 (Vic) ('the Act'). MFB derives its operational powers from this Act, the Metropolitan Fire Brigades (General) Regulations 2005, the Metropolitan Fire Brigades (Contributions) Regulations 1999, Country Fire Authorities Act 1958, Electricity Safety Act 1998, Emergency Management Act 1986, Gas Safety Act 1997, Building Act 1993, Building (Interim) Regulations 2005, Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 1999 and other legislation.

The Board's principal decision-making powers affecting members of the public are contained within the Act and the Regulations, and they should be referred to when detailed information is sought.

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

Changes to Governing Legislation

Two minor consequential amendments were made to the Act during the year. These changes will have no effect on MFB operations.

The Board

The Board is responsible for the overall governance of the organisation including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Composition of the Board

The composition of the Board (determined in accordance with the Act) allows for up to seven members to be appointed by the Governor in Council, one of whom is to be appointed as President of the Board, and another as Deputy President. Board members in office for the year were Mr Ian Spicer (Acting / Deputy President), Ms Anne Barker, Ms Jay Bonnington, Mr Geoff Lake and Mr Ken King. Mr Adrian Nye resigned as President on 23 March 2010. Mr Neil Comrie was appointed President on 30 June 2010.

The Board met on 13 occasions in 2009/10.

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

Code of Conduct

The Board has developed a Code of Conduct having regard to the Directors' Code of Conduct developed by the State Services Authority.

The Board complies with the provisions of Section 21 of the Act which ensures that members of the Board do not place themselves in a position where there is conflict, actual or potential, between their private interests and the duty owed to MFB. The Corporate Secretary maintains a register of members' interests.

All Board members and staff are required to act with integrity in the performance of their duties. MFB's Board and Executive Management Team are committed to the promotion of the Public Sector Values and Employment Principles as set out in Section 7 of the Public Administration Act 2004.

Board Member Professional Development

All Board members have the opportunity to visit Board facilities and meet with management and operational staff to enhance their understanding of key 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 the expectations of the Board concerning performance of Board members. Board members have also attended seminars/conferences on current operational and governance issues.



Risk and Audit Committee

The primary focus of the Risk and Audit Committee is: assurance; risk management; effectiveness, and business improvement.

Internal audit – Recommend appointment and evaluate internal auditors; ensure arrangements are in place to provide direct access to the Committee by the auditors and that there are no restrictions or limitations placed on them; recommend an annual internal audit program to the Board and any adjustments or additional audits necessary during the year, and approve provision to MFB of any non-audit services by the internal auditors.

Internal audit reports – Review and assess findings of the internal auditors and the management responses and monitor implementation of necessary actions.

External audit – Meet with representatives of the Victorian Auditor-General's Office; examine and settle the annual financial statements and recommend signing to the Board, and review the proposed audit opinion of the external auditor.

Risk framework – Review and monitor effectiveness of MFB's policy and framework for identification and management of financial and non-financial risks and for assessment of risk mitigation control effectiveness, and advise the Board on MFB's risk. The Risk and Audit Committee review and make recommendations on the organisation's risk appetite annually.

MFB Risk Register – Receive reports and review completeness of Register and movements in implementing mitigation controls, and treatments in relation to significant and extreme or otherwise sensitive organisational risks.

Business assurance and compliance arrangements and attestations – Financial management; risk management; legislation and government policy; recommend signing (where necessary) attestations to the Board.

Accounting policies and practices – Review and recommend to the Board in the light of the Financial Management Act, Australian Accounting Standards and generally accepted accounting principles.

Consider and recommend delegations to the Board.

The Risk and Audit Committee met regularly with the internal and external auditors. The Chief Executive Officer and the Director Business Management attended meetings by invitation, and other senior executive staff at the discretion of the Committee.

During the financial year, the membership of the Risk and Audit Committee was as follows: Mr I Spicer (Chair), Ms J Bonnington, Ms A Barker and Mr A Nye (ex officio).

Resources Committee

Primary focus – Value for money; strategic alignment of resource allocation; sustainability, and efficiency.

Review the development of the annual budget – Advise the Board in January on the policy and fiscal parameters; review budget proposals against Board endorsed strategic plans; and recommend the budget, including recommended contribution levels, to the Board at its May meeting.

Monitor MFB's financial performance during the year, including capital expenditure progress, utilisation of funds, forecast fund requirements, investment policy, revaluations, and fees and charges.

Review and advise the Board on significant capital expenditure initiatives.

Promote an improved culture of cost consciousness and value for money; consider associated management initiatives and evaluate impact of actions.

Consider strategic initiatives for the development of MFB's human resources including training strategy, workforce planning, leadership development and succession planning.

Consider strategic initiatives for the development of MFB's information and communications services.

During the financial year, the membership of the Governance and Risk Committee was as follows: Ms J Bonnington (Chair), Mr K King, Mr G Lake, Mr I Spicer and Mr A Nye (ex officio).

OH&S Committee

Primary focus – Effective, holistic strategy and drilling down into MFB's OH&S performance and why improvement has been so hard to achieve.

Review and recommend to the Board's January meeting MFB's occupational health and safety strategy.

Determine an appropriate reporting format for data and actions and consider quarterly reports. Advise the Board on trends and significant actions taken or recommended.

Meet at least annually with the WorkSafe claims agent on MFB's performance.

Receive briefings and information from WorkSafe and other agencies on best practice and the approach of other organisations confronting like issues.

During the financial year, the membership of the Audit Committee was as follows: Ms A Barker (Chair), Mr G Lake, Mr K King and Mr A Nye (ex officio).

Executive Remuneration Committee

The Board acts as the Executive Remuneration Committee when required.

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	Risk & Audit Committee	Resources Committee	OH&S Committee	Executive Remuneration Committee
Number of meetings to 30 June 2010	13	4	3	4	4
A. Nye	6	3	-	3	3
I. Spicer	13	4	3	2	4
J. Bonnington	13	4	-	4	4
G. Lake	12	-	1	4	3
A. Barker	13	4	-	4	4
K. King	13	-	3	3	4



Internal Control

The Board acknowledges that it is responsible for the overall internal control framework of the organisation. To assist in discharging this responsibility the Board has instigated an internal control framework that can be described as follows:

- Annual Plan – the performance of the organisation in the delivery of the corporate objectives is monitored by the Board throughout the year;
- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Board and the Minister. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly;
- Internal audit – through the Board’s Risk and Audit Committee a comprehensive three-year rolling internal audit program is established. This program includes financial, operational and system processes and controls. MFB has engaged an external service provider as its Internal Auditor;
- Investment appraisal – the organisation 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;

- Corporate policies – major new policies and amendments to existing policies are approved by the Board and communicated to all employees. MFB's policy framework also includes Management Policies, General Orders and Standing Operating Procedures which are approved by management.

Risk Management

Attestation of Compliance with the Victorian Government Risk Management Framework

This attestation statement recognises the continual development within the Metropolitan Fire and Emergency Services Board to enhance and expand control framework and ensure it reflects innovation in business improvement. Developments on the forthcoming year include a review of the business continuity framework and the integration of the audit program.

I, Neil Comrie Board President, certify that the Metropolitan Fire and Emergency Services Board has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000-2009) and an internal control system is in place to ensure the executive understand, manage and satisfactorily control risk exposures. The Metropolitan Fire and Emergency Services Board verifies this assurance and that the risk profile of the Metropolitan Fire and Emergency Services Board has been critically reviewed within the last 12 months.

Insurance

Working with its insurers, Victorian Managed Insurance Authority, MFB has continued to expand the comprehensive cover afforded under its insurance portfolio, particularly in the area of liability insurance, with enhancements designed to extend the protection already provided.

The extensive legal fees incurred by MFB as a result of the Bushfire Royal Commission have been accepted as a claim and reimbursed under public liability insurance.

Consultancies

There were no consultancies costing more than \$100,000 during 2009/10 year. There were 10 consultancies costing less than \$100,000 at a total cost of \$94,340.

Disclosure of Major Contract Compliance

During the year 2009/10, no contracts with a value greater than \$10m were entered into by MFB.

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

Victorian Industry Participation Policy Act 2003

The Victorian Industry Participation Policy (VIPP) applies when contracts greater than \$3m in the metropolitan area are entered into. During 2009/10, two contracts were entered into by MFB that exceeded \$3m and the provisions of the VIPP were applied.

The contract details are as follows:

Contract No.	Description	Contractor	Value
10/005	Construction of Templestowe Fire Station	Contract Control Services Pty Ltd	\$4,587,428
08/015	Recruitment Services	Shave Human Resources	\$4,000,000

Compliance with Building Act 1993

MFB's property portfolio meets the compliance requirements of the Building Act 1993.

National Competition Policy

The relevant part of the policy contained in Part IV (Restrictive Trade Practices) of the *Trade Practices Act 1974* has been implemented within MFB. Activities of the Board affected by the Victorian Government's Competitive Neutrality Policy have been reviewed and found to be compliant.

Freedom of Information Act 1982

The Chief Executive Officer, Mr Graham Fountain, is the Principal Officer for the purpose of administering the requirements of the Freedom of Information Act 1982. The authorised officer is Ms Jan Smith, Freedom of Information Officer.

Access

Requests to the Metropolitan Fire and Emergency Services Board for access to documents under the *Freedom of Information Act 1982* must be made in writing and addressed to:

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

Each application must clearly identify the documents sought and be accompanied by a \$23.90 (as at 1 July 2010) application fee. General inquiries relating to Freedom of Information can be made by contacting the Freedom of Information Officer on telephone 9662-2311 between 8.30am and 4.50pm, Monday to Friday.

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

The Board uses a computerised file management system for reports of fires and other incidents. The Board also uses other on-line computer systems in managing financial, human resource and its operational activities.

2009/10 FOI Statistics

During the year the MFB received 365 requests for access to documents under the Freedom of Information Act.

Processing Requests	365
Access granted	334
Part access	25
Denied	6
Documents did not exist	5
Applicant did not proceed	0
Not finalised as at 30 June 2010	2
<i>Appeal Avenues:</i>	
• Internal Review	4
• VCAT	1

Whistleblowers Protection Act

The Corporate Secretary, Ms Alison Brideson, is the Protected Disclosure Coordinator for the purpose of administering the requirements of the Whistleblowers Protection Act.

Ms Jan Smith is the Protected Disclosure Officer.

Disclosure under s104 of the Whistleblowers Protection Act 2001

In accordance with the requirements of Part 6 of the *Whistleblowers Protection Act*, MFB established a policy and guidelines for responding to disclosures lodged. These are available on MFB's website www.mfb.vic.gov.au

2009/2010 disclosure statistics

Protected disclosure lodged	0
Referred by MFB to the Ombudsman for determination as to whether they were public interest disclosures	0
Disclosed matters referred to MFB by the Ombudsman	0
Disclosed matters referred by MFB to the Ombudsman for investigation	0
Investigations of disclosed matters taken over by the Ombudsman from MFB	0
Requests made under section 74 (requests to Ombudsman by person making disclosure) during the year to the Ombudsman to investigate disclosed matters	0
Disclosed matters that MFB declined to investigate	0
Disclosed matters substantiated on investigation	0
Recommendations of the Ombudsman under the Act	0

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the information items below have been retained by MFB and are available on request (subject to the freedom of information requirements, if applicable):

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers of MFB;
- (b) details of publications produced by MFB about the activities of MFB and where they can be obtained;
- (c) details of changes in prices, fees, charges, rates and levies charged by MFB for its services, including services that are administered;
- (d) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- (e) details of major promotional, public relations and marketing activities undertaken by MFB to develop community awareness of the services provided by MFB.

Information is available on request from:

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



Financial Report 2009 - 2010



Management

Discussion and Analysis

Comprehensive Operating Statement

The Net Result of the Metropolitan Fire and Emergency Services Board (MFB) for 2009/10 was a \$32.333 million surplus as compared to a surplus of \$0.606 million for 2008/09, an increase of \$31.727 million. The improved net result relates to increased contribution income of which a proportion is committed to capital projects and subsequently is not reflected in expenses during the period, reduced salaries and related costs compared to budget caused by the delay in the finalisation of the operational staff Enterprise Bargaining Agreement and a reduction in other operating costs.

A significant proportion of the end of year surplus is committed to major capital projects which were carried over but are progressing well. This will result in significant capital expenditure and commitments in the near term absorbing the majority of this surplus.

The net result also reflects a net gain on the financial instrument investments due to the improvement in financial markets compared to the loss on fair value of investments in the prior year due to the downturn in global financial markets. Supplies and services expenses were lower; the key reason is reduced expenditure on new operational staff protective clothing as the replacement program was completed.

Additionally the net result reflects a significant reduction in the loss on revaluation of employee leave liabilities which accounts for the impact of changes in discount rates for the period on the present value of these liabilities.

The comprehensive result and net result in 2009/10 were the same (\$32.333 million surplus) whereas in 2008/09 the comprehensive result was higher as it incorporated physical asset revaluations. In 2009/10 there were no physical asset revaluations, in 2008/09 a revaluation of vehicles resulted in a revaluation gain of \$5.073 million.

Income

Income from transactions for the 2009/10 year was \$325.557 million as compared to \$318.699 million for the previous financial year, an increase of \$6.858 million (2 per cent).

The significant factors impacting income during the period were increased contribution income and reduced dividend and interest income.

The following table outlines the source of income for 2009/10:

Income 2010	Amount		%
	\$000	%	
Contributions			
Insurance Companies	206,136	75.0	
Municipalities	34,356	12.5	
Treasurer of Victoria	34,356	12.5	
		100	84
Brokers and Owners	8,086		3
Commonwealth Government	3,049		1
Sales of Goods & Services	27,214		8
Interest/Dividends	8,072		3
Other	4,288		1
Total	325,557		100

Contributions

The major income source is the total contribution determined by the Minister for Police and Emergency Services under Section 36 of the *Metropolitan Fire Brigades Act 1958* and subsequently approved by the Governor in Council. Total contributions originate per Section 37 of the *Metropolitan Fire Brigades Act 1958*: one-eighth from the Consolidated Fund; one-eighth from the Municipal Councils whose districts are within or partly within the Metropolitan Fire District; and three-quarters from the insurance companies insuring fire risk against property situated within the Metropolitan Fire District.

The contributions per Section 37 for 2009/10 were \$274.848 million, an increase of \$11.329 million or 4.3 per cent from the 2008/09 level. This compares to the contribution increase of 3.59 per cent applied in 2008/09.

The Net Annual Value of rateable property returned by 25 municipalities in the Metropolitan Fire District as at 1 July 2008 was \$32.85 billion, an increase of \$7.65 billion, or 30 per cent on the prior year.

The contribution by municipalities per Section 37 increased by 4.3 per cent (2008/09: 3.59 per cent increase). Coupled with the movement in the net annual value of rateable property the resulting payment by municipalities was 10.46 cents for every \$100.00 of net annual value, a decrease of 20 per cent on the prior year.

The contribution by insurers per Section 37 increased by 4.3 per cent (2008/09: 3.59 per cent increase). Gross premiums returned by 89 contributing insurance companies for the year ended on 30 June 2009 and on which the provisional contributions for the 2009/10 financial year were assessed, totalled \$499 million, an increase of \$30 million (6.39 per cent) on the prior year. The provisional contribution rate for 2009/10 was an average of \$39.64 for every \$100.00 of declared premium, a decrease of 5.87 per cent on the prior year.

Contributions by brokers and owners for 2009/10, which relates to property insured against fire by an insurance company not required to contribute towards the total contributions outlined above (typically an overseas insurance company) under Section 44A of the *Metropolitan Fire Brigades Act 1958*, was \$8.09 million as compared to \$8.47 million for 2008/09. Income from this source decreased by 5.0 per cent on the prior year as a result of a reduction in construction projects insured offshore.

Sales of goods and services

The Board generates income through a range of fire safety and emergency response related activities including the provision of road accident rescue services, the sale of fire safety services and equipment, commercial training, inspection fees, consultancy fees, uninsured fire fees, hazardous chemical incident fees and avoidable false alarm fees. Income for this category totalled \$27.214 million for 2009/10 as compared to \$27.456 million for 2008/09.

Interest and dividend income reduced from \$10.485 million for 2008/09 to \$8.072 million due primarily to the decline in investment market dividend returns (\$1.723m) and reduced market interest rates.

Sundry income reduced by \$1.636 million to \$4.288 million for 2009/10 due to the prior year including recovery of \$1.767 million in costs relating to the 2008/09 bushfire season (2009/10: Nil).

Expenses

Expenses from transactions for the year ended 30 June 2010 totalled \$295.867 million, a reduction of \$2.429 million (1 per cent) from \$298.296 million for the previous year.

Key factors causing this movement were a reduction in overtime costs (\$3.2 million or 19.4 per cent) due to a decrease in staff being recalled to duty; a reduction in training as the organisation reviews training programs and facilities and in the prior year additional overtime costs were incurred in supporting other emergency services during the 2008/09 bushfire season; partially offset by an increase in salaries (\$2.824 million or 1.8 per cent) as a result of employing additional staff and award salary increases provided to administrative staff.

Additionally, workers compensation expenses increased (\$1.472 million or 26 per cent) due to an increased levy and employee benefit provision expense reduced (\$1.167 million or 26 per cent) due to leave taken and staff retirements.

Supplies and services expenses reduced by \$3.225 million (4 per cent) to \$68.993 million due primarily to a reduction of \$4.338 million in operational protective clothing uniform expenses compared to prior year which incurred significant replacement uniform expenditure with the introduction of an improved uniform.

Other key expenditure movements were an increase of \$1.046 million (27 per cent) in plant and equipment maintenance, an increase in consumable expenses of \$0.445 million (10 per cent) and a reduction in property utilities and maintenance of \$0.438 million (5 per cent).

Other economic flows included in the net result total \$2.643 million in gains, a movement of \$22.440 million from the total other economic losses of (\$19.797) million in 2008/09. This movement consists of a reduction of \$0.890 million in the loss of physical assets disposed and sold during the year compared to 2008/09, a reduction of \$3.206 million in revaluation of employee benefits losses relating to changes in discount rates applied to employee leave provisions and a turnaround in returns on investment markets subsequent to the global financial crisis, which caused MFB financial investment returns to improve from a net loss of (\$14.394) million in 2008/09 to a net gain of \$3.950 million in 2009/10.

Management

Discussion and Analysis

Balance Sheet

Total assets as at 30 June 2010 were \$607.604 million as compared to \$574.308 million as at 30 June 2009. The significant reason for this movement is an increase in receivables-term deposits to fund future capital projects commitments and continued capital investment in operational property, plant and equipment and training facilities.

The MFB's land and building assets, including projects still in development stages, total \$340.291 million and plant and equipment assets total \$69.012 million as at 30 June 2010.

Intangible assets decreased by \$1.581 million due to annual amortisation changes and minimal new investment in intangible assets and income received in advance reduced as the income for the reporting period was recognised. These items relate to long-term licence agreements entered into for the provision of telecommunication services to the MFB and Country Fire Authority though intangible assets also include software.

Financial investment assets increased from \$83.257 million as at 30 June 2009 to \$91.137 million as at 30 June 2010 due to improved investment markets and reinvestment of interest and dividends. These financial assets have been established to fund the employee benefit provisions liability. As at balance date the investment also included funds for specific planned capital expenditure.

Total Liabilities as at 30 June 2010 were \$92.872 million, an increase of \$0.963 million from \$91.909 million as at 30 June 2009. The significant cause is an increase in employee benefit provisions by \$4.325 million to \$80.435 million due to administrative staff award salary increases, a small increase in staff, an increase in the sick leave provision and a change in discount rates applied to employee entitlements.

Net Assets as at 30 June 2010 were \$514.732 million as compared to \$482.399 million as at 30 June 2009, an increase of \$32.333 million.

Statement of Balance Sheet Ratios

- Working Capital Ratio (Current Assets to Current Liabilities). As at 30 June 2010, the Board had a ratio of 118 per cent (86 per cent 30 June 2009). The calculation of working capital ratio has been impacted by the reporting standard requirement to record all unconditional employee benefit leave entitlements as a current liability. A revised working capital ratio based on employee benefit leave entitlements estimated to fall due within 12 months is 345 per cent (228 per cent 30 June 2009). The increase in the ratio is mainly due to increased term deposit receivables.
- Proprietary Ratio (Total Equity to Total Assets). As at 30 June 2010 this ratio was 85 per cent (84 per cent 30 June 2009).
- Debt Ratio (Total Liabilities to Total Assets). As at 30 June 2010 this ratio was 15 per cent (16 per cent 30 June 2009).

Liquidity

The Board is of the opinion that it has adequate internal and external resources available to finance its business needs including capital expenditure.

All current and non-current liabilities, including employee benefits, are adequately provided for by established assets or through the annual funding arrangements. While not recorded in the MFB's financial statements, the Emergency Services and State Super defined benefit superannuation scheme maintains sufficient net assets against accrued benefit liabilities. The Emergency Services and State Super financial statements are reported by the Department of Treasury and Finance.

Cash Flow Statement

- Net cash provided by operating activities was \$48.658 million, an increase of \$7.449 million compared to the previous financial year due primarily to increased contributions and reduced payments to suppliers in particular payments for the new protective uniform. Further detail is provided in the income and expense sections of this management discussion and analysis.
- Payments for property, plant and equipment and intangible assets for the year were \$25.731 million, an increase of \$2.328 million from \$23.403 million in 2008/09 essentially due to land purchase and building works during the period.
- Proceeds from sale of property, plant and equipment totalled \$0.984 million for 2009/10, which is comparable to \$1.221 million for the previous year.

Outlook

Contributions towards the 2010/11 financial year estimate of expenditure have been determined by the Minister for Police and Emergency Services and approved by the Governor in Council at \$286,376,000 (\$274,847,280: 2009/10) and represents an increase of 4.2 per cent or \$11,528,720.

Schedule of Municipalities

For the year ended 30 June 2010

Annual Value of Rateable Property returned by the undermentioned Municipalities, which are wholly or partly within the Metropolitan Fire District.

Municipalities	Rateable Property As at 1 July 2008 \$	Contributions for year ended 30 June 2010 \$
City of Banyule	1,073,224,545	1,122,427.12
City of Bayside	1,899,187,286	1,986,256.56
City of Boroondara	3,232,202,450	3,380,384.52
City of Brimbank	1,185,785,000	1,240,147.96
City of Darebin	1,445,700,698	1,511,979.64
City of Glen Eira	1,927,345,196	2,015,705.36
City of Greater Dandenong	11,277,050	11,794.04
City of Hobsons Bay	986,757,140	1,031,995.56
City of Hume	578,275,945	604,787.32
City of Kingston	1,142,759,165	1,195,149.56
City of Manningham	880,076,390	920,423.56
City of Maribyrnong	819,630,050	857,206.44
City of Maroondah	779,368,350	815,098.92
City of Melbourne	3,270,157,714	3,420,079.88
City of Monash	2,136,123,993	2,234,055.76
City of Moonee Valley	1,249,345,750	1,306,622.68
City of Moreland	1,427,131,935	1,492,559.56
Shire of Nillumbik	7,512,150	7,856.56
City of Port Phillip	2,041,671,816	2,135,273.36
City of Stonnington	2,446,996,033	2,559,179.88
City of Whitehorse	1,916,570,000	2,004,436.20
City of Whittlesea	651,326,640	681,187.04
City of Wyndham	198,156,995	207,241.60
City of Yarra	1,495,111,714	1,563,655.92
Shire of Yarra Ranges	48,195,057	50,404.60
Total	32,849,889,062	\$34,355,909.60

Schedule of Insurance Companies

Contributing to the Metropolitan Fire and Emergency Services Board (MFB) under Section 40 of the *Metropolitan Fire Brigades Act 1958* for the year ended 30 June 2010.

- A.I.S. Insurance Brokers Pty Ltd
- ACE Insurance Limited
- Aioi Insurance Co Limited
- Allianz Australia Insurance Limited
- American Home Assurance Company
- Ansva Insurance Limited
- Aon Risk Services Australia Limited
- ASR Underwriting Agencies Pty Ltd
- AssetInsure Pty Ltd
- Ausnet Underwriting Agency Pty Ltd
- Austbrokers Sydney Pty Ltd
- Australian Alliance Insurance Company Limited
- Australian Associated Motor Insurers Limited
- Australian International Insurance Limited
- Auto & General Insurance Company Ltd
- Axis Underwriting Services Pty Limited
- Berkley Insurance Company
- BHP Billiton Marine & General Insurances Pty Ltd
- Calliden Insurance Limited
- Calliden Ltd
- Catholic Church Insurances Limited
- Catlin Australia Pty Ltd
- CGU Insurance Limited
- CGU-VACC Insurance Ltd
- Chubb Insurance Company of Australia Limited
- Commonwealth Insurance Limited
- Cumis Insurance Society, Inc
- Defence Service Homes Insurance
- Dolphin Insurance Pty Ltd
- Elders Insurance Limited
- FM Insurance Company Limited
- Freeman McMurrick Pty Ltd
- GIO General Limited
- Gow-Gates Insurance Brokers Pty Ltd
- Great Lakes Australia
- Guardian Underwriting Services Pty Ltd
- Guild Insurance Limited
- H W Wood Australia Pty Ltd
- HDI-Gerling Australia Insurance Company Pty Limited
- Herbert Insurance Group Ltd
- High Street Underwriting Agencies Pty Ltd
- HSB Engineering Insurance Limited
- ING General Insurance Pty Ltd
- Insurance Australia Limited
- Insurance Manufacturers of Australia Pty Limited
- Insure That Pty Ltd
- International Insurance Company of Hannover Ltd
- InterPacific Underwriting Agencies Pty Limited
- Jardine Lloyd Thompson Pty Ltd
- JMD Ross Insurance Brokers Pty Ltd
- JUA Underwriting Agency Pty Limited
- Liberty Mutual Insurance Company
- Lundie Insurance Brokers Pty Ltd
- Mansions of Australia Limited
- Manufactured Homes Insurance Agency Pty Ltd
- Marsh Pty Ltd
- Millenium Underwriting Agencies Pty Ltd
- Miramar Underwriting Agency Pty Ltd
- Mitsui Sumitomo Insurance Company Ltd
- Mutual Community General Insurance Proprietary Limited
- NIPPONKOA Insurance Company Pty Ltd (The)
- OAMPS Consulting Pty Ltd
- OAMPS Insurance Brokers Ltd
- On Track Insurance Pty Ltd
- Pacific Underwriting Corporation Pty Ltd
- QBE Insurance (Australia) Limited
- QBE Insurance (International) Limited
- QBE Mercantile Mutual Ltd
- Sirius International Insurance Corporation
- Sompo Japan Insurance Inc
- Sportscover Australia Pty Ltd
- SRS Insurance Group Pty Ltd
- Suncorp Metway Insurance Limited
- Territory Insurance Office
- The Hollard Insurance Company Pty Ltd
- Tokio Marine & Fire Insurance Company Limited
- Universal Underwriting Agencies Pty Limited
- Vero Insurance Limited
- Victorian Managed Insurance Authority
- W R Berkley Insurance Australia
- Wesfarmers Federation Insurance Ltd
- Wesfarmers General Insurance Ltd
- Westpac General Insurance Limited
- Westport Insurance Corporation
- Willis Australia Limited
- Winsure Insurance Group Pty Ltd
- XL Insurance Company Limited
- Youi Pty Ltd
- Zurich Australian Insurance Limited

Schedule of Insurance Intermediaries or Property Owners

Contributing to the Board under Section 44A of the *Metropolitan Fire Brigades Act 1958* for the year ended 30 June 2010.

Insurance intermediaries who arranged insurance(s) on behalf of property owners

- A.I.S. Insurance Brokers Pty Ltd
- Altiora Insurance Solutions Pty Ltd
- Aon Risk Services Australia Ltd
- Black Wood & Doyle Insurance Brokers Limited
- CNA Insurance (International Agencies) Australia Pty Ltd
- Consolidated Insurance Agencies Pty Ltd
- Corporate Insurance International Pty Limited
- Crombie Lockwood (NZ) Ltd
- Dominion Underwriting Agents Pty Ltd
- Fraser McAndrew Ryan Ltd
- Genesis Insurance Brokers Australia
- Hornibrooke Doolan Limited
- IFS Insurance Broking Pty Ltd
- Industrial & Commercial Insurance Brokers Ltd
- Jardine Lloyd Thompson Pty Ltd
- Marsh Pty Ltd
- Miller & Associates Insurance Broking
- Tartakover General Insurance Brokers
- Terrace Insurance Brokers Pty Ltd
- Vero Insurance New Zealand Ltd
- Willis Australia Limited

Property Owners who directly lodged returns

- A.A.P.T.
- Attachmate Australasia Pty Ltd
- BMW Australia Finance Ltd
- BMW Australia Ltd
- Cargill Australia Limited
- Church of Scientology Incorporated
- David Cryer Ltd
- Lighting Pacific Limited
- Ricegrowers Limited
- Rio Tinto Limited
- Rosemaur Properties
- Shell Company of Australia Ltd (The)
- Stratex (Aust) Pty Ltd
- Worth & Douglas Ltd

Summary of Municipalities Contributions

Financial Year of Contribution	Determined Contribution	Declared Net Annual Value	Increase/(Decrease) In Annual Value Over Prior Year	Contribution Per \$100 Net Annual Value
	\$	\$	\$	¢
1997/1998	15,666,260	9,222,271,610	3,128,096	16.9
1998/1999	15,666,260	9,394,454,663	172,183,053	16.7
1999/2000	16,390,200	9,640,414,905	245,906,242	17.0
2000/2001	17,398,600	9,798,989,053	158,574,148	17.6
2001/2002	18,287,900	13,941,180,073	4,142,191,020	13.1
2002/2003	19,936,325	14,217,881,193	276,701,120	14.0
2003/2004	24,415,753	18,348,861,709	4,130,980,597	13.3
2004/2005	27,115,053	18,744,312,994	395,451,285	14.5
2005/2006	29,383,280	22,991,793,474	4,247,480,480	12.8
2006/2007	30,723,900	23,350,030,146	358,236,672	13.1
2007/2008	31,799,250	24,697,796,344	1,347,766,198	12.9
2008/2009	32,939,510	25,201,985,477	504,189,133	13.1
2009/2010	34,355,910	32,849,889,062	7,647,903,585	10.4

Summary of Insurance Companies Contributions

Financial Year	Determined Contribution	Declared Premiums	Increase/(Decrease) In Declared Premiums Over Prior Year	Average Final Contribution Per \$100 Premium
	\$	\$	\$	\$
1997/1998	93,997,560	271,908,983	(9,610,574)	34.569
1998/1999	93,997,560	268,782,586	(3,126,397)	34.972
1999/2000	98,341,200	287,421,967	18,639,381	34.215
2000/2001	104,391,600	305,666,724	18,244,757	34.152
2001/2002	109,727,400	384,591,698	78,924,974	28.531
2002/2003	119,617,950	458,389,640	73,797,942	26.095
2003/2004	146,494,518	471,549,701	13,160,061	31.066
2004/2005	162,690,318	455,468,715	(16,080,986)	35.587
2005/2006	176,299,680	472,153,948	16,685,233	37.339
2006/2007	184,343,400	483,632,143	11,478,195	38.116
2007/2008	190,795,500	470,237,324	(13,394,819)	40.574
2008/2009	197,637,060	498,613,414	28,376,090	39.637
2009/2010	206,135,460	Not Yet Available		

Note: The Annual Value of Rateable Property and Declared Premiums may vary from prior Annual Reports as the amounts shown may include supplementary adjustments to the declared amounts, allowed by the Metropolitan Fire and Emergency Services Board under S.45 of the *Metropolitan Fire Brigades Act 1958*.

The Declared Premium amount for the financial year ended 30 June 2010 will not be available until October 2010 as a result only provisional contributions have been collected for that financial year.

Comprehensive operating statement for the financial year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
Income from transactions			
Contributions	2	285,983	274,834
Sales of goods and services	2	27,214	27,456
Other income	2	12,360	16,409
Total income from transactions		325,557	318,699
Expenses from transactions			
Employee expenses	3	203,884	204,634
Depreciation and amortisation	3, 6, 7	19,810	18,441
Supplies and services	3	68,993	72,218
Other operating expenses	3	3,180	3,003
Total expenses from transactions		295,867	298,296
Net result from transactions (net operating balance)		29,690	20,403
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4	(392)	(1,282)
Net gain/(loss) on financial instruments	4	3,950	(14,394)
Net gain/(loss) from revaluation of employee leave liabilities	4	(915)	(4,121)
Total other economic flows included in net result		2,643	(19,797)
Net Result	9b	32,333	606
Other economic flows – other non-owner changes in equity			
Changes in physical asset revaluation surplus	9a	-	5,073
Comprehensive result		32,333	5,679

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 68 to 109.

Balance sheet as at 30 June 2010

	Notes	2010 \$000	2009 \$000	2008 \$000
Assets				
Financial assets				
				Note 5
Cash and deposits	10, 18	1,439	11,992	8,730
Receivables - term deposit investments	10, 11	85,878	55,344	45,341
Receivables - other	10, 11	5,181	5,046	6,939
Financial investment assets	10	91,137	83,257	91,889
Total financial assets		183,635	155,639	152,899
Non-financial assets				
Inventories	12	1,121	1,108	1,042
Other non-financial assets	8	1,244	501	626
Intangible assets	7	12,301	13,882	12,076
Property, plant and equipment	6	409,303	403,178	397,451
Total non-financial assets		423,969	418,669	411,195
Total assets		607,604	574,308	564,094
Liabilities				
Financial liabilities				
Payables	10, 13	9,456	12,504	15,852
Total financial liabilities		9,456	12,504	15,852
Non-financial liabilities				
Provisions	15, 15a	80,435	76,110	67,414
Other liabilities	14	2,981	3,295	4,108
Total non-financial liabilities		83,416	79,405	71,522
Total liabilities		92,872	91,909	87,374
Net assets		514,732	482,399	476,720
Equity				
Accumulated surplus/(deficit)	9b	201,502	169,169	168,563
Physical asset revaluation surplus	9a	192,171	192,171	187,098
Contributed capital	9c	121,059	121,059	121,059
Net worth		514,732	482,399	476,720
Commitments for expenditure	17			
Contingent assets and contingent liabilities	17			

The balance sheet should be read in conjunction with the accompanying notes included on pages 68 to 109.

Statement of changes in equity for the financial year ended 30 June 2010

2010	Notes	Equity at 1 July 2009	Total comprehensive result	Transactions with owner in its capacity as owner	Equity at 30 June 2010
		\$000	\$000	\$000	\$000
Accumulated surplus/(deficit)	9b	169,169	32,333	-	201,502
Physical asset revaluation surplus	6, 9a	192,171	-	-	192,171
Contributions by owners – contributed capital	9c	121,059	-	-	121,059
Total equity at end of financial year		482,399	32,333	-	514,732

2009	Notes	Equity at 1 July 2008	Total comprehensive result	Transactions with owner in its capacity as owner	Equity at 30 June 2009
		\$000	\$000	\$000	\$000
Accumulated surplus/(deficit)	9b	168,563	606	-	169,169
Physical asset revaluation surplus	6, 9a	187,098	5,073	-	192,171
Contributions by owners – contributed capital	9c	121,059	-	-	121,059
Total equity at end of financial year		476,720	5,679	-	482,399

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 68 to 109.

Cash flow statement for the financial year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
Cash flows from operating activities			
Receipts			
Receipts from Government		34,356	32,940
Receipts from other entities		284,920	278,349
Interest received from financial investment assets		4,671	5,360
Dividends received from financial investment assets		3,402	5,125
Goods and Services Tax recovered from the ATO		7,685	8,569
Total receipts		335,034	330,343
Payments			
Payments to suppliers and employees		(286,376)	(289,134)
Total payments		(286,376)	(289,134)
Net cash flows from / (used in) operating activities	18	48,658	41,209
Cash flows from investing activities			
Payments for investments		(52,365)	(34,165)
Proceeds from sale of investments		17,901	18,400
Payments for non-financial assets		(25,731)	(23,403)
Proceeds from sale of non-financial assets		984	1,221
Net cash flows from / (used in) investing activities		(59,211)	(37,947)
Net increase/(decrease) in cash and cash equivalents		(10,553)	3,262
Cash and cash equivalents at the beginning of the financial year		11,992	8,730
Cash and cash equivalents at the end of the financial year	18	1,439	11,992

The cash flow statement should be read in conjunction with the accompanying notes included in pages 68 to 109.

Notes to the financial statements for the financial year ended 30 June 2010

1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Metropolitan Fire and Emergency Services Board.

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 25.

Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

Where applicable, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

The annual financial statements were authorised for issue by the Board on 5 August 2010.

Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of 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.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Board.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention except for:

- non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value;
- managed investment schemes, certain debt securities, after initial recognition, which are measured at fair value through profit and loss;
- certain liabilities that are calculated with regard to actuarial assessments.

Historical cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures 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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

Reporting entity

The financial statements cover the Metropolitan Fire and Emergency Services Board, which is a statutory authority and operates under the *Metropolitan Fire Brigades Act 1958*.

Principal address is:
456 Albert Street
East Melbourne VIC 3002

The financial statements include all the controlled activities of the Board.

The organisation provides comprehensive fire, rescue and emergency response services to almost four million residents within the Metropolitan Fire District with the key objective to reduce the incidence and impact of fire and other emergencies on the community. An important aspect of this service is the Emergency Medical Response First Responder Program, where operational staff are the first to respond to specific medical emergencies.

The Board is significantly funded through contributions from insurance companies, municipal councils and the State government.

Further details of the Board's operations and principal activities are included in the report of operations which does not form part of these financial statements.

Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: concepts, sources and methods* 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics (refer to Note 25).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within 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.

'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; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments; and depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Income recognition

Income is recognised for each of the Board's major activities as follows:

Contributions

(i) Contributions

Statutory contributions are determined for each financial year under Section 37 of the *Metropolitan Fire Brigades Act 1958* and comprise one-eighth from the State Government, one-eighth from the Municipal Councils whose districts are within, or partly within, the Metropolitan Fire District and three-quarters from insurance companies insuring fire risk against property situated within the Metropolitan Fire District. Contributions income is recognised in the financial year to which the determination under Section 37 applies.

Sales of goods and services

(ii) Income from the provision of services

Income from the provision of services is recognised by reference to the stage of completion basis. The income is recognised when:

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

The stage of completion is measured by reference to labour hours supplied or as a percentage of total services to be performed.

Income from sale of goods

Income from the sale of goods of fire extinguishers, fire suppression systems etc, is recognised when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Board retains neither 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 transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Board.

Other income

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Interest income

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

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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

(v) Sale of real property – land and buildings

The gross proceeds from the sale of real property is classified as income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The depreciated cost of the asset is classified as an expense.

(vi) Sale of plant and equipment

The gross proceeds of plant and equipment sales are included as income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and net proceeds on disposal.

Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Employee expenses include superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans. In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Employer superannuation expenses in relation to employees who are members of defined benefit superannuation plans are described below.

Superannuation – Emergency Services and State Superannuation defined benefit plan

The amount recognised in the comprehensive operating statement in relation to employer contributions for members of defined benefit superannuation plan is simply the employer contributions that are paid or payable to these plans during the reporting period. The level of these contributions will vary depending upon the relevant rules of the plan, and is based upon actuarial advice.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements recognise on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

The amount recognised in the comprehensive operating statement in respect of defined benefit superannuation plans represents the accrual of benefits during the reporting period.

Other operating expenses

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

Supplies and services

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

Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables are classified as other economic flows.

Maintenance and repairs

Major plant and equipment is required to be serviced on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. Maintenance costs are charged as expenses as incurred, except where they relate to the replacement of a major component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair costs and minor plant renewals are also charged as expenses as incurred.

Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-current physical assets

Refer to accounting policy on Property, plant and equipment, provided in Note 1 Non-Financial Assets.

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for:

- inventories
- financial assets; and
- investment properties that are measured at fair value.

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

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. 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.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or de-recognition or reclassifications; and
- revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Assets

Financial assets

Cash and deposits

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.

Receivables

Receivables classed as term deposit investments pertain to held to maturity term deposits with an original maturity greater than three months.

Other receivables consist predominantly of amounts owing from debtors in relation to goods and services, the Victorian Government, accrued investment income and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified (refer to Note 1 Impairment of financial assets).

Investments and other financial assets

Investments are recognised and de-recognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- held to maturity.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

The Board assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired (refer to Note 1 Impairment of financial assets).

Financial assets at fair value through profit or loss

Equities and managed investment schemes, and certain debt securities are designated at fair value through profit or loss on initial recognition on the basis that the financial assets form part of a group of financial assets that are managed and its performance evaluated by the Board in accordance with documented role strategies.

The financial assets are subsequently stated at fair value, with any resultant gain/(loss) recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result as a transaction.

The Board uses Victorian Funds Management Corporation (VFMC) as the finance manager of its investment portfolio. VFMC adopts a centralised asset management approach to develop individual investment strategies to maximise the probability of meeting the Board's individual risk profile and investment objectives.

Loans and receivables

Term deposits with maturity greater than three months, trade receivables, and other receivables are recorded at amortised cost, using the effective interest method, less impairment. The effective interest method is a method of calculating 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.

Impairment of financial assets

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

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The bad debts not written off by mutual consent and allowance for doubtful receivables, are classified as 'other economic flows'.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the Board applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 *Impairment of Assets*.

Non-Financial Assets

Inventories

Inventories include goods and other property held either for sale or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations. It includes land held-for-sale and excludes depreciable assets.

All inventories, including land held-for-sale, are measured at the lower of cost and net realisable value.

Other supplies and consumables, work in progress and finished goods are valued at the lower of cost and net realisable value.

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Non-current physical assets constructed by the Board

The cost of non-current physical assets constructed by the Board 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 construction works in progress is carried at cost of materials, external services, direct labour and an appropriate proportion of fixed and variable overheads recognised to date, based on the value of work completed.

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value in accordance with Financial Reporting Direction (FRD) 103D Non-Current Physical Assets issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRD.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

Depreciation and amortisation

All buildings, plant and equipment and other non-current physical assets (excluding items under operating leases) that have a limited useful life are depreciated. 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.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation for the current and prior year:

	2010
Buildings	40 years
Plant, Equipment and Vehicles	3 – 15 years

Land has an indefinite life and is not depreciated. Depreciation is not recognised in respect of this asset as its service potential has not, in any material sense, been consumed during the reporting period.

Impairment of assets

All assets are assessed annually for indications of impairment, except for inventories. Financial instrument assets are also tested for impairment (refer to Note 1). If there is an indication of impairment, 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 by a charge to the comprehensive operating statement, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. It is deemed that in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are initially recognised at cost and subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial recognition are capitalised when it is expected that additional future economic benefits will flow to the Board.

Intangible assets are amortised on a straight-line basis over their useful lives. 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.

The amortisation period is reviewed annually along with an assessment to determine whether there are indicators that the intangible asset concerned is impaired. If impairment is indicated, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Prepayments

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

Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Board prior to the end of the financial year that are unpaid, and arise when the Board becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of unearned/prepaid income, goods and services tax and fringe benefits tax payables.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Other liabilities

Other liabilities pertain to income received in advance for prepaid future access by the Country Fire Authority (CFA) to the Board's optical fibre communications network.

Provisions

Provisions are recognised when the Board has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability - unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Board 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 the current LSL liability are measured at:

- nominal value – component that the Board expects to settle within 12 months; and
- present value – component that the Board does not expect to settle within 12 months.

Non-current liability - conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1 Other economic flows included in net result).

(iii) Termination benefits

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

(iv) Bonus plans

A liability for bonus plans is recognised in payables when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice provides clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amount expected to be paid when they are settled.

Employee benefits on-costs

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

Leases

A lease is a right 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 property, plant and equipment are classified as finance infrastructure 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.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement 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. The leased asset is not recognised in the balance sheet.

Equity

Contributions by owner

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

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

Commitments

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Other

Significant accounting estimates and judgements

The following significant estimates and judgements were applied in the preparation of the financial statements.

Employee benefit provisions

Employee benefit provisions expected to be settled beyond 12 months have been apportioned on the basis of expected settlement periods in the future and adjusted to account for wage increases and discounted to present value. The average wage inflation factor applied on annual leave is 4.00% (2009: 4.00%) and 4.48% on long service leave which also covers seniority, promotion and other relevant factors (2009: 4.45%). The average end of year discount rate applied was 5.16% (2009: 5.47%). Long service leave has been applied over 13 years when calculating the present value, as this reflects the current circumstances of 8.00% of leave taken per annum.

Sick leave has been accounted for on the basis of analysis that indicates a proportion of current accumulated staff sick leave will be taken by staff in the future. Sick leave is inflated and discounted to present value except for the current portion which is at nominal value.

Accounting for the Goods and Services Tax (GST)

Incomes, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Board and other parties, the transactions are only recognised when the agreement is irrevocable at or before the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

Australian accounting standards issued that are not yet effective (AASs)

Certain new AASs have been published that are not mandatory for the 30 June 2010 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2010. The Board has not early adopted these standards:

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Board financial statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is significant.
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – group cash-settled share-based payment transactions [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to government boards or entities; consequently this standard does not apply.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Board financial statements
AASB 2009-9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards – classification of rights issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. The Board does not issue rights, warrants and options; consequently the amendment does not impact on the statements.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	The Board does not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 19 and related amendments have no impact.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Board financial statements
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]	This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009-2.	Beginning 1 Jul 2010	These exemptions are unlikely to have an impact on the Board because it is not a first time adoption.
<i>Erratum General Terminology changes</i>	Editorial amendments to a range of Australian Accounting Standards and Interpretations.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	Guidance to assist entity in accounting for transactions that involves extinguishing a liability fully or partially by issuing equity instruments to the creditor.	Beginning 1 Jul 2010	The impact of this interpretation only affects entities that issue equity instruments.
AASB 1053 Application of Different Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 Jul 2013	The impact of this Standard may affect disclosures in the financial reports of certain types of entities [public sector entities (except whole of government and general government sector)] where reduced disclosure requirements may apply. The Standard does not affect the operating result or financial position.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 Jul 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.

2. Income from transactions

	2010 \$000	2009 \$000
Contributions		
Insurance companies	206,136	197,638
Municipalities	34,356	32,940
Treasurer of Victoria	34,356	32,940
Brokers and owners	8,086	8,465
Commonwealth Government	3,049	2,851
	285,983	274,834
Income received by the Board covers operating expenses and capital expenditure funding; this causes the Board's net result to be a surplus to the extent that capital funding is included in the income received. Unlike many non-statutory authorities the Board does not receive annual capital funding from the State Government.		
Sales of goods and services		
False alarm charges	5,333	5,823
Fire suppression equipment sales & servicing	15,127	14,787
Other sales	6,754	6,846
	27,214	27,456
Other Income		
Interest		
Interest – bank deposits	595	757
Interest – held to maturity investments	3,546	3,966
Interest – held for trading investments	529	637
	4,670	5,360
Dividends		
Dividends – held for trading investments	3,402	5,125
	3,402	5,125
Income - sundry		
Workers' compensation recovered	1,140	1,422
Recovery of bushfire deployment	-	1,767
Property rental	647	715
Contribution penalties	158	265
Other	2,343	1,755
	4,288	5,924
	12,360	16,409
Total Income from Transactions	325,557	318,699

3. Expenses from transactions

	2010	2009
	\$000	\$000
Employee expenses		
Salaries	155,750	152,926
Overtime	13,362	16,593
Movement in employee benefit provisions (excluding impact of present value discount rate changes)	3,409	4,576
Superannuation – defined benefit fund	12,960	13,648
Superannuation – defined contribution fund	1,254	1,111
Payroll tax	9,086	9,114
Workers' compensation	7,043	5,571
Fringe benefits tax	1,020	1,095
	203,884	204,634
Depreciation and amortisation		
Buildings	7,951	7,650
Plant and equipment	9,942	9,152
Amortisation of intangible assets	1,917	1,639
	19,810	18,441
Supplies and services		
Contract services - other	16,691	17,050
Contract services - government	12,202	12,029
Property utilities, rates and maintenance	7,505	7,943
Supplies and consumables	4,850	4,405
Motor vehicle maintenance and fuel	3,648	3,872
Plant and equipment maintenance	4,847	3,801
Information technology	2,805	2,653
Uniforms	4,727	9,065
Travel	2,297	2,496
Training and development	3,260	3,020
Communications	1,776	1,949
Legal	2,506	2,246
Insurance	962	821
Advertising and promotion	273	268
Internal audit and compliance audits	403	513
Consultants	241	87
	68,993	72,218
Other operating expenses		
Property lease	1,146	1,164
Cost of goods sold	836	855
Other	1,198	984
	3,180	3,003
Total Expenses From Transactions	295,867	298,296

4. Other economic flows included in net result

	2010	2009
	\$000	\$000
(a) Net gain/(loss) on non-financial assets		
Impairment of non-financial assets	-	-
Net loss on disposal of property, plant and equipment	(392)	(1,282)
Total net gain/(loss) on non-financial assets and liabilities	(392)	(1,282)
(b) Net gain/(loss) on financial instruments		
Net gain/(loss) on disposal of financial investments	(6,163)	(9,051)
Net gain/(loss) arising from revaluation of financial assets at fair value - market risk	10,113	(5,343)
Total net gain/(loss) on financial instruments	3,950	(14,394)
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of employee leave liabilities	(915)	(4,121)
Total other gains/(losses) from other economic flows	(915)	(4,121)
Total other economic flows included in net result	2,643	(19,797)

5. Prior period correction

Term deposits with maturity greater than three months were in prior years reported as cash and deposits and are reclassified to receivables – term deposit investments in accordance with AASB 139 *Financial Instruments: Recognition and Measurements* and Department of Treasury guidelines.

6. Property, plant and equipment

	2010 \$000	2009 \$000
Property, Plant and Equipment – non-current		
Public Safety and Environment Purpose Group		
Freehold land		
At independent valuation 2008	145,001	145,001
At cost	3,307	-
Total land	148,308	145,001
Buildings		
At independent valuation 2007	132,950	132,950
At cost	70,247	61,873
Less: accumulated depreciation	(22,177)	(14,225)
Total buildings	181,020	180,598
Total land & buildings	329,328	325,599
Plant and equipment		
At independent valuation 2009	51,462	52,764
Plant and equipment at cost	46,039	36,636
Less: accumulated depreciation	(32,763)	(24,592)
Total plant and equipment	64,738	64,808
Construction work in progress		
Buildings	10,963	6,424
Plant and equipment	4,274	6,347
Total construction work in progress	15,237	12,771
Total property, plant and equipment	409,303	403,178

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 (GPC). The Board's assets are classified under the Public Safety and Environment Purpose Group. All assets within a Purpose Group are further sub-categorised according to the asset's nature (freehold land, buildings, plant and equipment) with each sub-category being classified as a separate class of asset for financial reporting purposes.

The Board performed a management review of land and building values as at 30 June 2010. The movement in land and building values since the last revaluations (as at 30 June 2008 and 30 June 2007, respectively) were immaterial; subsequently land and buildings were not revalued as at 30 June 2010.

The last independent valuation of the Board's land and building assets to determine fair values was undertaken with an effective date of 30 June 2008 by:

M Cleary, Certificate Practising Valuer, Australian Property Institute, Member No. 2694 of Urbis Pty Ltd

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment and work in progress at the beginning and end of the financial year are set out below:

	Freehold land	Buildings	Plant & equipment	Assets under construction at cost	Total
	\$000	\$000	\$000	\$000	\$000
2010					
Carrying amount at start of year	145,001	180,598	64,808	12,771	403,178
Additions	3,307	5,692	5,988	10,405	25,392
Disposals	-	-	(1,374)	-	(1,374)
Net revaluations increment/(decrement)	-	-	-	-	-
Transfers	-	2,681	5,258	(7,939)	-
Depreciation expense	-	(7,951)	(9,942)	-	(17,893)
Carrying amount at end of year	148,308	181,020	64,738	15,237	409,303

In accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, all non-current physical assets are valued using the revaluation model.

Subsequently in June 2009, fire appliance vehicles were revalued using Depreciated Replacement values in accordance with Financial Reporting Direction (FRD) 103D. Other plant and equipment assets were not revalued as the impact was immaterial and/or asset values closely reflected fair value.

	Freehold land	Buildings	Plant & equipment	Assets under construction at cost	Total
	\$000	\$000	\$000	\$000	\$000
2009					
Carrying amount at start of year	145,001	182,319	54,946	15,185	397,451
Additions	-	5,926	4,723	9,309	19,958
Disposals	-	(833)	(1,669)	-	(2,502)
Net revaluations increment/(decrement)	-	-	5,073	-	5,073
Transfers	-	836	10,887	(11,723)	-
Depreciation expense	-	(7,650)	(9,152)	-	(16,802)
Carrying amount at end of year	145,001	180,598	64,808	12,771	403,178

7. Intangible assets

	2010 \$000	2009 \$000
Intangible assets – non-current		
Licence agreements at cost	11,998	11,998
Less: accumulated amortisation	(3,390)	(2,605)
Total licence agreements	8,608	9,393
Software at cost	13,256	13,008
Less: accumulated amortisation	(9,563)	(8,519)
Total software	3,693	4,489
Total Intangible Assets	12,301	13,882

Intangible assets referred to above relate to software and agreements providing the Board with access to optic fibre communication networks.

Intangible assets are amortised on a straight line basis over the asset life.

The average lives and remaining lives on intangible assets are:-

		2010	2009
	Average Life	Remaining Life	Remaining Life
Optic fibre access agreements:	15 years	10 years	11 years
Software:	5-7 years	1-7 years	1-7 years

Reconciliations

Reconciliations of the carrying amounts of licence agreements and software at the beginning and end of the financial year are set out below:

2010	Licence Agreements \$000	Software \$000	Total \$000
Carrying amount at start of year	9,393	4,489	13,882
Additions	-	338	338
Disposals	-	(2)	(2)
Amortisation expense	(785)	(1,132)	(1,917)
Carrying amount at end of year	8,608	3,693	12,301
2009			
Carrying amount at start of year	9,121	2,955	12,076
Additions	1,017	2,428	3,445
Disposals	-	-	-
Amortisation expense	(745)	(894)	(1,639)
Carrying amount at end of year	9,393	4,489	13,882

8. Other non-financial assets

	2010 \$000	2009 \$000
Current Other Assets		
Prepayments		
Prepayments primarily consist of software licence fees	1,244	501

9. Movements in equity

	2010 \$000	2009 \$000
(a) Reserves		
Physical asset revaluation surplus		
Land		
Balance at beginning of financial year	92,750	92,750
Revaluation increments/(decrements)	-	-
Transfers to accumulated surplus	-	-
Total	92,750	92,750
Buildings		
Balance at beginning of financial year	94,348	94,348
Revaluation increments/(decrements)	-	-
Transfers to accumulated surplus	-	-
Total	94,348	94,348
Plant and equipment		
Balance at beginning of financial year	5,073	-
Revaluation increments/(decrements)	-	5,073
Transfers to accumulated surplus	-	-
Total	5,073	5,073
Balance at end of financial year	192,171	192,171
(b) Accumulated surplus		
Balance at beginning of financial year	169,169	168,563
Transfers from asset revaluation reserve	-	-
Net result	32,333	606
Balance at end of financial year	201,502	169,169
(c) Contributions by owners		
Balance at beginning of financial year	121,059	121,059
Capital transactions with the State as its capacity as owner	-	-
Balance at end of financial year	121,059	121,059
Total Equity at end of the financial year	514,732	482,399

10. Financial instruments

Financial risk management objectives and policies

The Board's principal financial instruments comprises cash assets, term deposits, receivables (excluding statutory receivables), investments in managed equities, fixed interest and investment schemes, payables (excluding statutory payables) and finance lease payables.

The Board has appropriate policies and processes to manage financial risks associated with financial instruments and the policies are in accordance with the *Borrowing and Investment Powers Act 1987* and the DTF guidelines in relation to financial asset investment and management. Financial investment strategies are regularly reviewed by the Board in conjunction with VFMC to minimise financial risks and ensure appropriate diversification of investment products across various entities and to ensure earnings and capital growth are maximised, balanced with consideration of associated risks.

Cash and cash equivalents and held to maturity investments represent funding provided to the Board for specific capital works and projects which will be expended in future years.

The Board has established the fair value through profit and loss – held for trading investment to fund its employee benefit provisions liability. As at 30 June 2010, the investment also contained funds for specific capital works which will be expended in future years.

Security investments in the held for trading asset present a risk of capital loss. In consideration of this, the VFMC and the investment manager moderates this risk through careful selection of securities within specified limits approved by the Board. The maximum capital loss is the fair value of the financial instruments. The held for trading investments are primarily in equity and security instruments issued by ASX200 (Australian Stock Exchange) listed companies, as well as investments in equity instruments issued by international listed companies. The investments are in unlisted unit trusts managed through the VFMC. A portion of this investment class is term deposits with TCV.

Held to maturity investments and cash balances are invested with highly rated financial institutions with credit ratings of A+ or greater. As at reporting date, term deposits are invested solely with TCV (AAA rated) and cash balances are with an AA rated institution in accordance with State Treasury Risk Management guidelines.

The *Metropolitan Fire Brigades Act 1958* ensures the full contribution income approved by the Governor in Council annually is received as any defaulted insurance contributions are subsequently redistributed across the insurance industry contributors.

Receivables have established credit terms and collection processes are applied. Additionally receivables are regularly reviewed for collectability and appropriate adjustments are made to an allowance account, or the receivable is written off if collectability is unlikely.

The Board manages cash flows to ensure its ability to meet all liability obligations, as they fall due.

Categories of financial instruments	2010	2009
(The carrying amounts below also reflect fair values)	\$000	\$000
Financial assets:		
Cash and cash equivalents	1,439	11,992
Receivables - held to maturity term deposit investments	85,878	55,344
Receivables - other (excluding statutory receivables)	4,198	4,274
Receivables - statutory	983	772
Financial investment assets (fair value through profit and loss) by category:		
Short term money market (TCV)	13,335	12,293
Australian fixed interest – unlisted trust	13,628	12,491
Australian equities – unlisted trust	14,920	12,777
International equities – unlisted trust	20,404	17,244
Hedged international equities – unlisted trust	5,012	5,699
Indexed bonds – unlisted trust	13,879	12,579
Infrastructure – unlisted trust	3,812	3,684
Property – unlisted trust	6,147	83,257
	91,137	6,490
	183,635	155,639
Financial liabilities:		
Payables – amortised cost (excluding statutory payables)	9,456	12,504

As of 1 July 2009, the Board has adopted the *AASB 7 Financial Instruments: Disclosures* amendments which requires financial assets to be categorised according to the fair value measurement hierarchy where fair values are ascertained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Valuation methodology using inputs for the asset or liability that are not based on observable market data (Level 3).

The following table presents the Board's financial assets and liabilities at fair value as at 30 June 2010:

Financial assets measured at fair value		\$000		
	Fair value measurement at end of reporting period:			
2010	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	1,439	-	-	1,439
Fair value through profit or loss investments	13,335	71,324	6,478	91,137
Receivables – held to maturity investments	85,878	-	-	85,878
Total	100,652	71,324	6,478	178,454

The above fair values are the carrying amounts at the financial year end.

There have been no significant transfers between fair value levels in the reporting period.

Financial assets measured at fair value		\$000		
	Fair value measurement at end of reporting period:			
2009	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	11,992	-	-	11,992
Fair value through profit or loss investments	12,293	64,474	6,490	83,257
Receivables – held to maturity investments	55,344	-	-	55,344
Total	79,629	64,474	6,490	150,593

The above fair values are the carrying amounts at the financial year end.

There have been no significant transfers between fair value levels in the reporting period.

10.1 Interest rate risk

Interest rate risk relates to fluctuations in fair values or future cash flows of financial instruments due to changes in market interest rates.

10.1(i) Held for trading investments

The majority of the held for trading investments are non-interest bearing, consequently the Board is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. A proportion of this investment class includes cash and term deposits with Treasury Corporation of Victoria (TCV) which are exposed to interest rate risk and the exposure is included in the sensitivity analysis (refer to Note 10.1(iii)) below.

The Board in conjunction with the VFMC considers interest rate risk when reviewing the investment strategy.

10.1(ii) Cash and cash equivalents and held to maturity receivables financial assets

The Board is exposed to interest rate risk from its cash flow investments through bills of exchange, bank and money market term deposits. Short term money market deposits are invested for varying terms to meet cash flow requirements and are not hedged.

The Board's exposure to interest rates on these financial assets is detailed in the interest rate sensitivity analysis below (refer to Note 10.1(iii)).

10.1(iii) Interest rate sensitivity

The following interest rate sensitivity analysis has been based on the exposure to interest rates for the above asset classes at reporting date and the change occurring at that time. A 50 basis point change represents management's assessment of a reasonably possible change based upon assessment of official interest rate changes over the past five years and considering published forecasts.

At reporting date if interest rates increased by 50 basis points and all other variables were constant, the impact would be increased interest income of \$501,000 (2009: \$398,000) and an increase by the same amount to equity. Conversely if interest rates decreased by 50 basis points interest income would reduce by (\$501,000) (2009: (\$398,000)) and equity would reduce by the same amount.

The Board's overall interest rate risk management strategy remains substantially unchanged from 2009.

The Board's exposure to interest rate risks and the effective interest rates for financial assets and liabilities at balance date are:

Financial instruments	Weighted average effective interest rate %	Floating interest rate \$000	Fixed interest rates			Non-interest bearing \$000	Total \$000
			1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000		
2010							
Financial assets							
Cash and deposits	3.66	1,439	-	-	-	-	1,439
Receivables - term deposit investments	3.99	-	85,878	-	-	-	85,878
Receivables - other		-	-	-	-	5,181	5,181
Financial investment assets	3.99	13,335	-	-	-	*77,802	91,137
Total		14,774	85,878	-	-	82,983	183,635
Financial liabilities							
Payables		-	-	-	-	9,456	9,456
Total		-	-	-	-	9,456	9,456

* These investments are capital growth investments and are non interest bearing.

Financial instruments	Weighted average effective interest rate %	Floating interest rate \$000	Fixed interest rates			Non-interest bearing \$000	Total \$000
			1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000		
2009							
Financial assets							
Cash and deposits	4.63	11,992	-	-	-	-	11,992
Receivables - term deposit investments	5.58	-	55,344	-	-	-	55,344
Receivables - other		-	-	-	-	5,046	5,046
Financial investment assets	5.58	12,293	-	-	-	*70,964	83,257
Total		24,285	55,344	-	-	76,010	155,639
Financial liabilities							
Payables		-	-	-	-	12,504	12,504
Total		-	-	-	-	12,504	12,504

* These investments are capital growth investments and are non interest bearing.

10.2 Foreign exchange risk

Foreign exchange risk arises when future transactions and recognised assets and liabilities are denominated in a currency that is not the Board's functional currency (Australian dollar).

The Board acquires goods and services from international sources and this creates exposure to foreign exchange risk which is managed by establishing forward foreign exchange hedge contracts according to Board policy. The Board's controlled foreign currency contract obligations as at the end of the financial period totalled Euro \$1,100,000 and USD \$285,000 in forward exchange purchase contracts, which are direct hedges for future commitments on vehicle purchases (2009: Nil).

Foreign exchange risk also impacts the Board's held for trading investments in relation to its investments in international equities in unlisted trusts. The hedged international equity trust maintains foreign exchange hedge positions, subsequently foreign exchange risk is minimal; whereas the unhedged international equity trust is exposed to foreign exchange risk. Foreign exchange risk exposure relating to held for trading investments is managed by the fund managers and exposure risk on international equities trust investments is accounted indirectly in the price risk sensitivity analysis (refer to Note 10.5 Price risk).

The Board's overall foreign exchange risk management strategy remains substantially unchanged from 2009.

10.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Board. The Board's maximum credit exposure at reporting date is the carrying amount of the financial assets reported in the balance sheet.

10.3(i) Held for trading investments

Investment controls are in place to minimise credit risk. This includes all security transactions being settled using approved brokers therefore the risk of default is minimal as delivery of the securities sold is not settled until the broker has received payment. Similarly, payment for purchased securities occurs after the securities have been received by the broker.

10.3(ii) Held to maturity investments receivables and cash balances

Board investment guidelines manage credit risk pertaining to held to maturity investments by ensuring investments are restricted to term deposits with TCV.

10.3(iii) Receivables and other financial assets

The Board minimises credit risk in relation to receivables by applying commercial payment terms and recovery processes with all customers, regular review of doubtful debts and the timely recognition and write-off of bad debts.

Other than the term deposit investments with TCV (AAA credit rating) and financial investment assets which are invested through VFMC in managed funds, the Board has no significant concentration of credit risk in receivables or the other financial assets classes. The Board has no guarantees or securities held against receivables balances.

The Board's overall credit risk management strategy remains substantially unchanged from 2009, other than present and future term deposit investments are placed with TCV.

Further information is shown in Note 11 Receivables.

Credit quality of contractual financial assets that are neither past due or impaired

	Financial Institutions (not rated) \$000	Financial Institutions (AA credit rating) \$000	State Government agencies (AAA credit rating) \$000	Total \$000
2010				
Cash and cash equivalents	-	1,439	-	1,439
Receivables – term deposit investments	-	-	85,878	85,878
Financial investment assets	*77,802	-	13,335	91,137
Total contractual financial assets	77,802	1,439	99,213	178,454
2009				
Cash and cash equivalents	-	11,992	-	11,992
Receivables – term deposit investments	-	55,344	-	55,344
Financial investment assets	*70,964	-	12,293	83,257
Total contractual financial assets	70,964	67,336	12,293	150,593

*Financial investment assets are investments in primarily unlisted managed funds which are not credit rated. The fund managers are reputable well established institutions.

10.4 Liquidity risk

Liquidity risk is the risk that the Board would be unable to meet its financial obligations as and when they fall due; maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

The Board has an appropriate liquidity risk management framework for its short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk by maintaining adequate reserves, banking facilities and plans its financial obligations based on forecasts of future cash flows and holds investments and other contractual financial assets that are readily tradeable in the financial markets.

The Board's overall liquidity risk management strategy remains substantially unchanged from 2009.

10.5 Price risk

The Board's held for trading investment has exposure to price risk relating to investments in unlisted trusts which fluctuate with changes in market prices. The maximum loss of capital risk resulting from financial instruments is the fair value of the financial instruments.

The Board's market price risk is managed through diversification of the investment portfolio across differing security and equity instruments under advice from VFMC. The overall market exposures as at 30 June are listed in the table below.

The Board's overall price risk management strategy remains substantially unchanged from 2009.

Price risk sensitivity

At 30 June 2010, the Board's market price risk is affected by three main components: changes in actual market prices, interest rate and foreign currency movements. The following price risk sensitivity analysis has been based upon the investment classes exposed to price risk at the reporting date and the change occurring at that time.

A ten per cent change represents management's assessment of a reasonably possible change based upon assessment of commonly quoted ASX indices changes over the past five years and after consideration of analysis performed by the Department of Treasury and Finance and forecasts by financial institutions.

2010

Fair value through profit and loss – held for trading investment in unlisted trusts (by investment category):

	Effective exposure \$000	+ 10% Increase in unit price		- 10% Decrease in unit price	
		Income impact \$000	Equity impact \$000	Income impact \$000	Equity impact \$000
Australian fixed interest	13,628	1,363	1,363	(1,363)	(1,363)
Australian equities	14,920	1,492	1,492	(1,492)	(1,492)
International equities	20,404	2,040	2,040	(2,040)	(2,040)
Hedged international equities	5,012	501	501	(501)	(501)
Indexed bonds	13,879	1,388	1,388	(1,388)	(1,388)
Infrastructure	3,812	381	381	(381)	(381)
Property	6,147	615	615	(615)	(615)
Total	77,802	7,780	7,780	(7,780)	(7,780)

The effective exposure amounts above reflect the carrying amounts.

2009

Fair value through profit and loss – held for trading investment in unlisted trusts (by investment category):

	Effective exposure \$000	+ 10% Increase in unit price		- 10% Decrease in unit price	
		Income impact \$000	Equity impact \$000	Income impact \$000	Equity impact \$000
Australian fixed interest	12,491	1,249	1,249	(1,249)	(1,249)
Australian equities	12,777	1,278	1,278	(1,278)	(1,278)
International equities	17,244	1,724	1,724	(1,724)	(1,724)
Hedged international equities	5,699	570	570	(570)	(570)
Indexed bonds	12,579	1,258	1,258	(1,258)	(1,258)
Infrastructure	3,684	368	368	(368)	(368)
Property	6,490	649	649	(649)	(649)
Total	70,964	7,096	7,096	(7,096)	(7,096)

The effective exposure amounts above reflect the carrying amounts.

10.6 Capital risk

The Board manages its capital to ensure the organisations ability to continue as a going concern with an optimal balance of debt and equity. Additionally, the Board's budgets are based upon capital and recurrent spending closely equating to forecasted annual income to ensure optimal future balances of equity to debt.

The Board is not subject to externally imposed capital requirements.

The Board's overall strategy remains unchanged from 2009.

10.7 Financial Instruments – fair value measurement

The Board considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements reflects their fair values.

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities that are determined in accordance with generally accepted valuation models using inputs observed in active markets.
- the fair value of unlisted trusts are based upon the redemption price as advised by the fund manager.

11. Receivables

	2010 \$000	2009 \$000
Receivables - current		
Receivables – term deposit investments	85,878	55,344
Receivables – other:		
Sale of goods and services receivables	4,383	3,690
Receivables – statutory	983	772
Sundry receivables	64	836
Less: allowance for doubtful contractual receivables	(249)	(252)
Total	91,059	60,390

Receivables classed as receivables term deposit investments relate to term deposits greater than 3 months maturity and in consideration of the high credit rating of the TCV there is no doubtful receivable provision charge for these financial assets as at the reporting date.

The Board allows 14 day credit terms on contribution receivables and 30 day credit terms on other receivables and actively pursues accounts that fall past due. Interest is charged on overdue contribution receivables in accordance with the *Metropolitan Fire Brigades Act 1958* and interest is not charged on overdue other receivables.

The Board has allowed for doubtful receivables based on a detailed review of outstanding accounts and their estimated recoverable amounts.

	Current & not impaired \$000	1 - 2 months \$000	2 - 3 months \$000	Greater than 3 months - 1 year \$000	Total \$000
Receivables ageing analysis:					
2010					
Receivables – term deposit investments	-	-	-	85,878	85,878
Receivables – other	4,185	597	308	340	5,430
Total	4,185	597	308	86,218	91,308
2009					
Receivables – term deposit investments	-	-	-	55,344	55,344
Receivables – other	4,299	580	188	231	5,298
Total	4,299	580	188	55,575	60,642

Included in the trade receivables balance as at 30 June 2010 are past due debtors with a carrying amount of \$1,245,000 of which the Board has provided a doubtful debt allowance of \$249,000 and the remaining balance is considered collectable and unimpaired.

	2010 \$000	2009 \$000
Movement in the provision for doubtful receivables:		
Balance at beginning of the year	252	139
Amounts written off during the year	(241)	(130)
Amounts recovered during the year	-	7
Increase in allowance recognised in the net result	238	236
Balance at the end of the year	249	252

Debtors in liquidation or in receivership are fully provided as doubtful debts as future receipts are deemed unlikely.

In determining the recoverability of a trade receivable the Board considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

During the financial year, receivables deemed uncollectable and written-off totalled \$241,000 (2009: \$130,000).

Note 10 Financial Instruments outlines the nature and extent of risk arising from contractual receivables.

12. Inventories

	2010 \$000	2009 \$000
Inventories - current		
Supplies, spare parts and security spares	1,429	1,384
Less: allowance for obsolescence	(308)	(276)
Total	1,121	1,108

13. Payables

	2010 \$000	2009 \$000
Contractual		
Payables - current		
Supplies and services	6,173	5,461
Other payables and accrued expenses	3,283	7,043
Total	9,456	12,504

The Board applies the Victorian Government Fair Payment Policy on supplier payments. Accordingly, suppliers are paid within 30 days from invoice date unless other agreed contractual or legal terms apply. The Board has procedures in place to ensure that payables are paid within credit timeframes.

Under the Fair Payment Policy the Board may be liable for penalty interest payments on overdue accounts. No interest penalties were incurred during the period under review (2009: Nil).

	Less than 1 month \$000	1 - 3 months \$000	Greater than 3 months \$000	Total \$000
Payables commitment analysis				
2010	9,061	376	19	9,456
2009	11,998	445	61	12,504

Note 10 Financial Instruments outlines the nature and extent of risk arising from payables.

14. Other liabilities

	2010 \$000	2009 \$000
Current balance	385	315
Non-current balance	2,596	2,980
Total	2,981	3,295

The carrying amounts reflect income received in advance from the CFA for prepaid future access to the Board's optical fibre communications network.

15. Provisions

	2010 \$000	2009 \$000
Employee benefits (a)		
Current provisions		
Unconditional and expected to be settled within 12 months (b)	15,563	18,105
Unconditional and expected to be settled after 12 months (c)	55,892	50,001
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months (b)	1,358	1,492
Unconditional and expected to be settled after 12 months (c)	4,698	3,945
Total current provisions	77,511	73,543
Non-current provisions		
Employee benefits	2,699	2,380
Employee benefit on-costs	225	187
Total non-current provisions	2,924	2,567
Total provisions	80,435	76,110
(a) Employee benefits and related on-costs		
Current employee benefits		
Annual leave entitlements	19,583	18,019
Unconditional long service leave entitlements	47,327	45,954
Unconditional sick leave	4,544	4,133
Non-current employee benefits		
Conditional long service leave entitlements	2,397	2,132
Unconditional sick leave - expected to be settled after 12 months	303	248
Total employee benefits	74,154	70,486
Current on-costs	6,056	5,437
Non-current on-costs	225	187
Total on-costs	6,281	5,624
Total employee benefits and related on-costs	80,435	76,110
(b) Movement in provisions – Employee benefits on-costs		
Opening balance	5,624	4,720
Additional provisions recognised	7,624	5,965
Reductions arising from payments/other sacrifices of future economic benefits	(6,954)	(5,285)
Unwind of discount and effect of changes in the discount rate	(13)	224
Closing balance	6,281	5,624

Note:

- (a) Provisions for employee benefits consist of amounts for annual leave, long service leave and a proportion of sick leave accrued by employees, not including on-costs.
- (b) The amounts disclosed are nominal amounts.
- (c) The amounts disclosed are discounted to present values.

16. Superannuation

Board employees and members of the Board are entitled to receive superannuation benefits and the Board contributes to both defined benefit and accumulation contribution plans managed by the Emergency Services and State Superannuation fund (ESSS). The defined benefit plan provides benefits based on years of service and final average salary.

The Board does not recognise any defined benefit liability in respect of the plan because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Board.

During the year, the Board made superannuation payments of \$14,214,000 (2009: \$14,759,000) to ESSS. In the current year there were no additional payments to superannuation above the contribution rate designated by ESSS for defined benefit members and the super guarantee contribution rate of 9.0% for non-defined benefit plan members.

There were no superannuation contributions outstanding at 30 June 2010. (2009: Nil).

Employer contribution rates were:

Accumulation Scheme

9.0% of salary for non-operational staff employed after 31 December 1993.

Defined Benefits Scheme

The average employer contribution rate for the financial year was 11.0% (2009: 11.5%) of salary for all operational staff as well as for non-operational staff employed prior to 1 January 1994.

17. Commitments, contingent assets and contingent liabilities

The estimated amount of commitments, contingent assets and contingent liabilities not provided for in the accounts are:

	2010 \$000	2009 \$000
COMMITMENTS		
Capital expenditure commitments		
Commitments for the acquisition of property, plant and equipment contracted at reporting date but not recognised as liabilities:		
Payable:		
Not longer than one year	10,469	7,005
Longer than one year but not longer than five years	-	-
Total	10,469	7,005

Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases at the reporting date but not recognised as liabilities:

Payable:		
Within one year	708	767
Longer than one year but not longer than five years	514	886
Longer than five years	-	-
Total	1,222	1,653

Recurrent service commitments

Commitments for the acquisition of recurrent goods and services not recognised as liabilities:

Payable:		
Within one year	5,897	4,405
Longer than one year but not longer than five years	5,528	7,502
Longer than five years	-	-
Total	11,425	11,907

A significant proportion of the above recurrent service commitments relate to the Board's obligations under the Statewide Integrated Public Safety and Communications Strategy (SIPSaCS) which covers call taking and dispatch services. There is an ongoing Service Agreement with the Emergency Services Telecommunications Authority (ESTA) for the provision of call taking and dispatch services for the Metropolitan Fire District. The ESTA service fees for the year to 30 June 2010 were \$10,028,000 (2009: \$9,204,000).

All the expenditure amounts shown in the above commitments note are nominal amounts.

CONTINGENT ASSETS

Commercial resolution issues and third party claims	-	-
Total	-	-

The Board has lodged a claim with the City of Yarra for the recovery of costs, with mediation scheduled for a future date. The Board has chosen not to disclose further information as such disclosure may prejudice its case.

CONTINGENT LIABILITIES

Insurance claims and legal fees	-	-
Total	-	-

18. Notes to the cash flow statement

Reconciliation of cash

For the purposes of the cash flow statement, cash comprises cash on hand, cash at bank, bank overdrafts, deposits at call and highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:

	2010 \$000	2009 \$000
Cash and cash equivalents	1,439	11,992
Total	1,439	11,992

Reconciliation of net result for the reporting period to net cash inflow from operating activities

Net result for the period	32,333	606
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Non-cash movements

Loss on sale or disposal of non-financial assets	392	1,282
Loss on sale of investments	6,162	9,051
Unrealised (gain)/loss on held for trading investments	(10,112)	5,343
Depreciation	17,893	16,802
Amortisation	1,917	1,639
(Decrease)/increase in allowance for doubtful receivables	(3)	113
Allowance for inventory obsolescence	32	12

Movements in assets and liabilities

(Increase)/decrease in other receivables	(131)	1,781
(Increase) in inventories	(44)	(79)
Increase/(decrease) in prepayments	(743)	125
(Decrease) in payables	(3,048)	(3,348)
Increase in employee benefits: current provisions	3,967	8,003
Increase in employee benefits: non-current provisions	357	693
(Decrease) in income received in advance	(314)	(814)
Net cash inflow from operating activities	48,658	41,209

19. Bank overdraft

The Board has an overdraft facility of \$100,000 which is repayable upon demand and may be cancelled at any time upon review by the bank. As at balance date this facility had not been utilised (2009: Nil).

20. Responsible persons

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*, the names of persons who were Responsible Persons at any time during the financial year are:

		Period of tenure:
Responsible Minister	The Honorable B Cameron MP	1/07/09 – 30/06/10
During absence of the Honorable Bob Cameron, MP, the following persons were		
Acting Minister for Police and Emergency Services:		
	The Honorable Tony Robinson MP	1/07/09 – 14/07/09
	The Honorable John Lenders MLC	25/12/09 – 1/01/10
	The Honorable Tim Holding MLA	2/01/10 – 3/01/10
	The Honorable Tim Holding MLA	16/01/10 – 24/01/10
	The Honorable Tony Robinson MP	2/04/10 – 11/04/10
Board Members	M N Comrie AO – President	Appointed – 30/06/10
	A D Nye – President	1/07/09 – 23/03/10
	I O Spicer AM – Acting President (24/3/10-29/6/10)	1/07/09 – 30/06/10
	A Barker	1/07/09 – 30/06/10
	J A Bonnington	1/07/09 – 30/06/10
	K W King	1/07/09 – 30/06/10
	G T Lake	1/07/09 – 30/06/10
Accountable Officers	K J Latta – Chief Executive Officer/Chief Officer	1/07/09 – 5/04/10
	G J Fountain – Chief Executive Officer/Chief Officer	6/04/10 – 30/06/10

Related parties

A D Nye was Chair of the Victorian Managed Insurance Authority which provides insurance services to the Board, and Deputy Director of the Emergency Services Superannuation Board to which the MFB contributes superannuation on behalf of its employees.

A Barker is Managing Director, City West Water Ltd (CWW) which provides services to the MFB. MFB also provided services to CWW and CWW also provided minor sponsorship to the MFB.

K W King is a member of the Country Fire Authority (CFA) Board. The MFB had transactions with the CFA.

G T Lake is a Lawyer with Minter Ellison and a Councillor at the City of Monash, President of the Australian Local Government Association and Board Member of the Municipal Association of Victoria with which the MFB had transactions.

K J Latta, the Chief Executive & Chief Officer had a voting right on the Australasian Fire and Emergency Service Authorities Council and is a member of Council at Victoria University. The MFB had transactions with both of these bodies.

G J Fountain, the Chief Executive & Chief Officer, has a voting right on the AFAC Council.

All services and transactions were conducted at arms' length from the MFB Board and at normal commercial terms.

21. Remuneration of responsible persons

The number of Responsible Persons is shown below in their relevant income bands:

Remuneration Band	2010 No.	2009 No.
\$ 0 - \$ 9,999	1	2
\$ 10,000 - \$ 19,999	3	4
\$ 20,000 - \$ 29,999	1	1
\$ 30,000 - \$ 39,999	1	-
\$ 40,000 - \$ 49,999	-	1
\$ 60,000 - \$ 69,999	1	-
\$260,000 - \$269,999	-	1
\$290,000 - \$299,999	1	-
	8	9
Total remuneration of Responsible Persons other than the Responsible Minister:	\$000 472	\$000 400

The remuneration band for 2010 reflects two Chief Executive Officer/Chief Officer member positions with part year service.

The remuneration band for 2009 reflects two Board member positions with part year service.

The remuneration of the Responsible Minister is reported separately in the financial statements of the Department of Premier and Cabinet.

22. Remuneration of executive officers

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period is recorded in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is recorded in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the financial year, primarily bonus payments based upon individual employment contracts, payments taken in lieu of leave and the duration of employment during the financial year.

Executive Officers Remuneration band	Total Remuneration		Base Remuneration	
	2010 No.	2009 No.	2010 No.	2009 No.
\$ 0 - \$ 9,999	-	-	1	-
\$ 20,000 - \$ 29,999	-	-	1	-
\$ 30,000 - \$ 39,999	2	-	-	1
\$ 40,000 - \$ 49,999	-	-	-	1
\$ 50,000 - \$ 59,999	-	1	1	-
\$ 60,000 - \$ 69,999	-	1	-	1
\$ 70,000 - \$ 79,999	1	-	2	-
\$ 80,000 - \$ 89,999	1	-	-	1
\$ 90,000 - \$ 99,999	-	1	-	1
\$100,000 - \$109,999	1	-	2	-
\$110,000 - \$119,999	-	1	1	1
\$120,000 - \$129,999	2	1	3	3
\$130,000 - \$139,999	1	3	3	3
\$140,000 - \$149,999	2	7	11	8
\$150,000 - \$159,999	7	2	2	2
\$160,000 - \$169,999	5	7	11	11
\$170,000 - \$179,999	5	8	1	2
\$180,000 - \$189,999	6	1	-	-
\$190,000 - \$199,999	3	1	-	-
\$200,000 - \$209,999	1	-	-	-
\$210,000 - \$219,999	-	1	-	-
\$220,000 - \$229,999	1	-	-	-
\$290,000 - \$299,999	1	-	-	-
Total number of executive officers	39	35	39	35
Total Remuneration	\$000 6,211	\$000 5,338	\$000 5,239	\$000 4,806

Notes:

The above remuneration amounts include leave or termination payments of:-

- (i) \$10,000 in the \$30,000 - \$39,999 band; \$10,000 in the \$130,000 - \$139,999 band;
\$8,000 in the \$160,000 - \$169,999 band; \$11,000 in the \$170,000 - \$179,999 band;
\$77,000 in the \$190,000 - \$199,999 band; \$58,000 in the \$200,000 - \$209,999 band;
\$175,000 in the \$220,000 - \$229,999 band; \$121,000 in the \$290,000 - \$299,999 band in 2010.
- (ii) \$14,000 in the \$50,000 - \$59,999 band, \$82,000 in the \$130,000 - \$139,999 band,
\$14,000 in the \$160,000 - \$169,999 band, \$16,000 in the \$190,000 - \$199,999 band, and
\$126,000 in the \$210,000 - \$219,999 band in 2009.

23. Remuneration of Auditors

Total remuneration payable to the Auditor-General for auditing the financial statements for the year ended 30 June 2010 was \$80,930 (2009 \$74,250).

24. Subsequent Events

There are no material subsequent events since reporting date.

25. Glossary of Terms

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

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

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes interest received on bank term deposits, interest from investments, and other interest received.

Net acquisition of non-financial assets (from transactions)

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. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

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

Net result from transactions (net operating balance)

Net result from transactions or net operating balance is a key fiscal aggregate and is income 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.

Non-financial assets

Non financial assets are all assets that are not 'financial assets'.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; and fair value changes of financial instruments. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes 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 land. User charges includes sale of goods and services income.

Supplies and services

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

Transactions

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 within 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. 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.

Responsible persons and chief finance and accounting officer's declaration

We certify that the attached financial statements have been prepared for the Board in accordance with Standing Direction 4.2 of 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 notes forming part of the financial statements presents fairly the financial transactions during the year ended 30 June 2010 and financial position of the Metropolitan Fire and Emergency Services Board as at 30 June 2010.

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 5 August 2010.



M Neil Comrie AO
President
Melbourne
5 August 2010



Graham J Fountain
Chief Executive Officer/Chief Officer
Melbourne
5 August 2010



Harry Wiedemann
Acting Director, Business Management
Melbourne
5 August 2010

Pecuniary Interests of Public Office Holders

The Board holds pecuniary declarations completed by relevant senior officers.



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Metropolitan Fire and Emergency Services Board

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of the Metropolitan Fire and Emergency Services Board which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the responsible persons and chief finance and accounting officer's declaration has been audited.

The Board Members Responsibility for the Financial Report

The Board Members of the Metropolitan Fire and Emergency Services Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Auditing in the Public Interest

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Metropolitan Fire and Emergency Services Board for the year ended 30 June 2010. The Board Members of the Metropolitan Fire and Emergency Services Board are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Metropolitan Fire and Emergency Services Board web site.

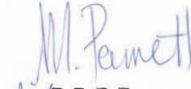
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Metropolitan Fire and Emergency Services Board as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
6 August 2010


D D R Pearson
Auditor-General

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Dial 000 For Emergency

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