

STATE FIRE COMMISSION

CORPORATE PLAN

Prepared by the State Fire Commission
for the Financial Years 2013-2014 to 2017-2018

APPROVED / NOT APPROVED



David O'Byrne MP
Minister for Police and Emergency Management
Date: 8/5/13

**STATE FIRE COMMISSION
CORPORATE PLAN**

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1. EXECUTIVE SUMMARY

The State Fire Commission's (the Commission) Statement of Corporate Intent has been prepared in accordance with Section 73G of the *Fire Service Act 1979* and summarises the Commission's objectives for the period covered by the Corporate Plan.

Business Definition

The Commission's primary purpose is to minimise the social, economic and environmental impact of fire on the Tasmanian community. This will be achieved through Tasmania Fire Service (TFS) implementing strategies to develop community self-reliance to prevent and prepare for fires, supported by a timely and effective response to emergencies.

The TFS is also responsible for road accident rescue in assigned areas, managing incidents involving hazardous materials, undertaking urban search and rescue (USAR), and providing a response to terrorist incidents involving chemical, biological and radiological agents.

Strategic Direction

The Commission's long term strategic direction is to:

- 1. Deliver a safe, effective and efficient response to fires and other emergencies**
- 2. Be a leader in emergency management and inter-agency relations**
- 3. Build communities that are resilient to fire and other emergencies.**
- 4. Be socially and environmental responsible.**

Other Business Issues

The Commission is a non-profit statutory authority and as such is not required to make provision for income tax, dividends or returns to the State Government.

The pricing policies of the Commission are primarily determined by external market forces and the ability of users to pay for services other than emergency response.

The major sources of revenue to the Commission are contributions from landowners (fire service contribution), insurance companies (insurance fire levy), motor vehicle owners (motor vehicle fire levy) and the State Government. In addition the Commission raises revenue through the sale and maintenance of fire equipment, the provision of training services to both the public and private sector, alarm monitoring fees, plan approval fees, avoidable false alarm charges and fire investigation reports.

Pensioners and health card holders receive discounts on the fire service contribution and motor vehicle fire levy from the Commission.

Major Goals and Expected Outcomes

Major Goals	Expected Outcomes
Be a leader in emergency management and inter-agency relations.	More effective and efficient emergency management arrangements for the Tasmanian community.
Deliver safe, effective and efficient strategies for preventing, preparing for and responding to fires and other emergencies	Fewer fire fatalities and injuries and less fire-related damage.
Build community capacity to prevent, respond to and recover from fires and other emergencies.	A safer and more resilient Tasmanian community.
Be an adaptive, relevant, resilient and sustainable organisation.	An effective organisation, capable of responding effectively to change.
Be a socially and environmentally responsible organisation.	An organisation respected by the Tasmanian community.

Key Performance Indicators

In accordance with our vision and role, our key performance indicators are:

- The number of fatalities and injuries/100,000 residents.
- The number of structural fires reported to TFS/100,000 structures.
- The value of building stock lost in fires as a proportion of the total building stock.

The Commission's strategic direction aligns with the achievement of the following *Tasmania Together* goals;

- *Confident, friendly and safe communities.*
- *High quality education and training for lifelong learning and a skilled workforce.*
- *Vibrant, inclusive and growing communities where people feel valued and connected.*

2. VISION AND ROLE

Our Vision

Our vision is a Tasmanian community safe from the impact of fire and other emergencies.

Our Role

Our role is to protect life, property and the environment from the impact of fire and other emergencies by:

- promoting fire safety across the community; and
- providing an effective response to emergencies.

Our Values

The services we provide are driven by the needs of the community. In order to meet these needs, and the needs of our people, we have adopted the following core values:

Service

We value:

- Serving the Tasmanian community;
- Being responsive to community needs; and
- Being progressive and delivering quality services.

Professionalism

We value:

- Dedication and pride in our organisation;
- Being skilled, efficient, committed and innovative;
- Using our collective capabilities to deliver an excellent service; and
- Being accountable for our actions.

Integrity

We value:

- Being trustworthy and ethical;
- Treating each other fairly and honestly; and
- Having the courage to do the right thing.

Consideration

We value:

- Each other;
- Working together to achieve our goals;
- Treating each other with respect and understanding; and
- Being supportive, compassionate and helping each other.

3. MAIN UNDERTAKINGS

The main undertakings of the Commission, put into effect by the TFS, are:

- to assist the community to reduce the incidence and impact of unwanted fires and to empower people to act safely when fire threatens; and
- to provide an effective emergency response.

The TFS assists the community to reduce the incidence and impact of unwanted fires, and to empower people to act safely when fire threatens. TFS pursues these goals through publicity, training and community development programs, effective emergency warnings, through the sale and maintenance of fire protection equipment, through the development and promotion of community protection plans, and through monitoring and administering the application of fire safety legislation, codes and standards.

The TFS undertakes emergency response through its career brigades in Hobart, Launceston, Devonport and Burnie its 232 volunteer brigades throughout the State and supported by trained non operational staff. Receipt of emergency calls and dispatch of brigades are centrally managed by FireComm which is located in Hobart. Training is provided to both career and volunteer firefighters enabling them to be safe and effective members of TFS. Training is delivered both on-station, in local venues and at TFS' hot-fire training facilities at Cambridge, Launceston and Burnie.

The delivery of our main undertakings is supported by the Corporate Services and Human Services functional areas.

Corporate Services provides administrative, financial, communications, information management and engineering services. As part of Corporate Services, Communication Services manages the efficient operation of TFS communications networks through the purchasing, programming, distribution and maintenance of communication equipment. Engineering Services maintains the TFS fleet of firefighting appliances state-wide and fabricates fire tankers and other appliances.

Human Services provides strategic human resources policy, systems and advice. Services include volunteer support, occupational health and safety (including worker's compensation), learning and development systems, recruitment and remuneration, employee relations, leadership and performance systems.

4. OPERATING ENVIRONMENT

Legislative Environment

The Commission is a statutory authority created by the *Fire Service Act 1979*. The TFS is the operational arm of the Commission, delivering services to the community through career and volunteer brigades and Community Fire Safety.

The functions of the Commission are:

- a) to formulate the policy in respect of the administration and operation of the Fire Service;
- b) to coordinate and direct the development of all fire services throughout the State;
- c) to develop effective fire prevention and protection measures throughout the State;
- d) to develop and promulgate a State Fire Protection Plan;
- e) to standardise, as far as is practicable, fire brigade equipment throughout the State;
- f) to establish and maintain training facilities for brigades;
- g) to conduct such investigations into fires as it considers necessary, and to prepare reports and recommendations to the Minister arising from those investigations;
- h) to conduct such investigations into the use of fire as it considers necessary, to instruct the public in the wise use of fire, and to disseminate information regarding fire protection measures and other related matters;
- i) to advise the Minister on such matters relating to the administration of this Act as may be referred to it by the Minister, and on matters that, in the opinion of the Commission, should be brought to the attention of the Minister; and
- j) to exercise such other functions vested in or imposed on it by this Act or such other functions relating to the preventing or extinguishing of fires as may be imposed on it by the Minister from time to time.

Technological Environment – The Commission monitors technological advances in areas such as communications, vehicles, information technology, buildings and training systems and adopts new technologies that add value to its services.

Social Environment – The Commission contributes significantly to communities through the transfer of knowledge from local brigades into the community and via wide representation through its volunteer brigades across the State, contributing significant social capital to rural communities. Interaction with the community also occurs through community access to TFS facilities and services. TFS contributes and responds to leading social research into human behaviour in bushfires and volunteerism.

Environmental Setting – Community interest and concern for their environment has led the Commission to become involved in a variety of projects and forums aimed at minimising damage to the environment. These include providing advice on smoke management and air quality, assisting in planning for construction in bushfire prone areas as well as adapting TFS practices to reduce our environmental footprint.

Economic Environment – The Commission is acutely aware of the current economic environment and its potential impact of delivery of TFS services. The Commission continues to follow a conservative and prudent approach to financial management. In setting its budget objectives the Commission has been cognisant of the performance and projections for the Tasmanian economy and has tailored its investment and debt reduction program accordingly.

Political Environment – The Commission is made up of representatives from major stakeholder groups including local government, union and volunteer associations. A number of committees within TFS give further opportunities for involvement by stakeholders including participation from the Parks and Wildlife Service, Forestry Tasmania, Tasmanian Farmers and Graziers Association, Ambulance Tasmania, Tasmania Police, Local Government Association of Tasmania and State Emergency Service.

Emergency Response Environment – As part of the Commission's contribution to the State's counter-terrorism capability, the Commission has through TFS acquired advanced technological equipment and undertaken extensive training to ensure that its brigades can respond to terrorist initiated incidents as well as other incidents involving hazardous materials, urban search and rescue and road accident rescue in assigned areas.

National Environment – TFS has a strong commitment to the Australasian Fire and Emergency Service Authorities Council (AFAC), which provides many opportunities for information sharing and the development of nationally consistent positions and collaborative arrangements in operational and business areas. TFS, as a stakeholder of the Bushfire and Natural Hazards Cooperative Research Centre, participates in and influences the national bushfire research agenda.

5. KEY RISKS

Workplace Health and Safety – Health and safety issues are always a paramount concern for any emergency service due to the inherently dangerous nature of emergency management. This said, the TFS spends considerable time and effort in minimising these risks for its personnel. The development of ongoing safety systems, investment in personal protective equipment, training and promotion of a culture of safe behaviour, are ongoing processes aimed at ensuring continuous improvement in member health and safety.

Recruitment and Retention of Volunteers – Ninety-five per cent of TFS operational personnel are volunteers. Research is being undertaken into recruitment issues and further research is to be conducted on the retention of volunteers. The Commission has invested significant resources into volunteer support and is providing input into Bushfire Co-operative Research Centre research on volunteer retention.

Discrimination and Harassment – TFS has a diverse range of members with a wide range of views, backgrounds and perceptions. From time to time, these lead to conflicts and allegations of harassment, bullying and discrimination. TFS is legally obligated to ensure our workplaces and services are free from harassment, bullying and discrimination. Accordingly, TFS is implementing systems and training programs to support the development of an environment that meets these objectives.

Preservation of Capital Works Program – The preservation of a capital works program is vital to the continued effectiveness of TFS. Without sufficient funding the Commission will not be able to continue its current fire appliance replacement program and it will be unable to replace, in an acceptable period of time, a significant number of fire appliances that either do not provide the necessary crew protection or are costly and difficult to maintain.

Communications Infrastructure – Advanced communications systems and information technology are vital to TFS to deliver an effective emergency response. In addition, other agencies such as the Ambulance Tasmania and the State Emergency Service, access and use TFS networks, so reducing duplication and minimising costs. Reliance on such technology means that a failure of any of these systems is a significant risk for TFS.

Key Risk Register – Ongoing maintenance and review of the Key Risk Register remains a major priority of the Commission. The Register assists the Commission to manage its risks and enables it to plan and allocate resources to areas considered vulnerable or under resourced. In addition the Key Risk Register provides the basis for the development of business continuity plans and the subsequent testing of these plans.

6. STRATEGIC DIRECTION

Introduction

In reviewing and developing the strategic direction of the Commission, a consultative process was undertaken involving a large group of people from TFS. The Commission continues to consult in the ongoing development and evolution of the Corporate Plan.

The Commission actively supports the continual close working relationship with other agencies and will be seeking, wherever possible, to eliminate duplication and maximise the use of the State's resources.

The long term strategic direction of the Commission is supported by short to medium term goals, priorities and key performance indicators to measure the rate of success.

The goals, priorities and key performance indicators are detailed below.

Goal 1: Be a leader in emergency management and inter-agency relations

1. Improve public safety outcomes through effective inter-agency and stakeholder collaboration and interoperability.

Priorities

Foster and formalise cooperative arrangements with emergency management partners to facilitate interoperability.

Identify opportunities and implement initiatives to maximise efficiencies and effectiveness across the emergency management sector, and with key stakeholders.

Actively participate in the Emergency Services Review Committee.

Indicators

Adoption of a common incident management system.

Number of joint initiatives identified, pursued and realised.

Proportion of TFS responsibilities in the Tasmanian Emergency Management Plan fulfilled.

2. Maximise benefits and opportunities from involvement in national forums and initiatives.

Priorities

Continue participation in and financial and workload commitment to the Australasian Fire and Emergency Services Authorities Council as the peak industry body, the Bushfire and Natural Hazards Cooperative Research Centre and other research partners

Indicators

Time and resources contributed to national initiatives.

Outcomes from participation in national initiatives.

Goal 2: Deliver safe, effective and efficient strategies for preventing, preparing for and responding to fires and other emergencies

1. Allocate and deploy resources based on assessed risk.

Priorities

Ensure brigade assignment areas, and mobilisation and response times result in acceptable incident outcomes.

Profile static and dynamic risk and identify and implement a best practice resource distribution model for enhancing public safety.

Identify and apply desirable levels of incident management personnel for extended and complex incidents.

Further reduce unwanted alarms and unnecessary false calls.

Indicators

Completion of resource-to-risk analysis and framework.

Proportion of pre-incident planning projects completed.

Number of unwanted calls.

Management of extended and complex incidents is effectively resourced.

Number of preventable incident deaths and injuries.

Value of community assets lost.

Goal 3: Build community capacity to prevent, respond to and recover from fires and other emergencies

1. Build partnerships with communities and share responsibility for risk

Priorities

Enhance capacity of brigades to effectively engage with communities.

Support the provision of strategic bushfire risk mitigation programs.

Develop strategic partnerships to identify and target specific sectors for relevant fire and emergency risk mitigation initiatives.

Indicators

Number of brigades participating in community development initiatives.

Proportion of homes in fire prone areas that are prepared for bushfires.

Level of satisfaction the State Fire Management Council has with TFS support for strategic bushfire risk mitigation programs.

Number of targeted sectors for which appropriate risk mitigation initiatives have been implemented.

2. Develop and implement customised community-based risk assessment and management strategies in collaboration with local communities.

Priorities

Support Fire Management Area Committees to develop and implement local risk mitigation plans.

Develop, promote and review community bushfire protection plans for at risk communities.

Develop and implement local community development initiatives for bushfire prevention and preparedness in at risk communities.

Indicators

Proportion of at risk communities for which community protection plans have been developed and reviewed.

Proportion of communities for which mitigation plans have been developed.

Number of mitigation initiatives completed.

Level of awareness by key stakeholders in at risk communities of their responsibilities during emergencies.

Level of awareness in the community of TFS response capacity and the community's shared responsibility.

Goal 4: Be an adaptive, relevant, resilient and sustainable organisation

1. Further develop a safe, strategic and capable workforce.

Priorities

Further develop and continue to implement the State Fire Commission strategic work health and safety plan.

Develop and implement the TFS strategic learning and development plan including ensuring our learning framework encourages strategic thinking, adaptability and flexibility.

Develop strategies to further improve recruitment and selection systems.

Ensure the knowledge and skills of brigades and members are aligned with their respective risk.

Develop a strategic project planning and workload management capability.

Effectively match our resources to our organisational priorities.

Engage our people in developing and implementing strategic plans.

Indicators

Strategic work health and safety plan is developed and effectively implemented.

Strategic learning and development plan is developed and effectively implemented.

Annual plans are developed and implemented by all Divisions.

Level of satisfaction with workload.

2. Shape and foster our leadership and culture to achieve our vision, values and strategic objectives.

Priorities

Institutionalise TFS Values.

Continue implementation of our leadership framework.

Enhance our internal communication systems, processes and skills.

Monitor the effectiveness of our internal communications.

Indicators

Change in organisational culture and leadership styles.

Level of satisfaction with internal communication.

3. Be a well-informed, evidence-based decision-making organisation supported by effective systems and processes

Priorities

Develop a commitment and capacity to collect and use evidence to support decision making.

Actively participate in the Bushfire and Natural Hazards CRC.

Develop processes to take advantage of research findings and respond to trends.

Implement applicable findings from inquiries and post incident reviews.

Indicators

The number of relevant findings implemented.

Goal 5: Be a socially and environmentally responsible organisation

1. Build mutual respect and understanding between the community and our organisation

Priorities

Define and communicate our brand.

Build brigade capacity to better understand the needs and expectations of their communities, and to engage with them.

Develop strategies to enable TFS activities to provide benefit to the community.

Develop strategies to build trust and credibility with the community based on TFS Values.

Indicators

Level of community understanding of and satisfaction with what we do and how we do it.

2. Minimise our impact on the environment

Priorities

Improve our capacity to measure our impact on the environment.

Monitor our impact on the environment.

Develop and implement strategies to manage the net impact of our activities on the environment.

Emergency response strategies incorporate environmental risk assessment and mitigation strategies to manage our net impact on the environment.

Indicators

Environmental impact is considered in TFS policies, systems and procedures.

Impact of our activities on the environment.

7. PRICING ISSUES

The pricing and costing policies of the Commission are expected to be determined primarily by outside market forces and the ability of the user to pay for services. Wherever possible the Commission bases its price increases on changes to the Consumer Price Index (CPI). The only major revenue source that the Commission has direct control over and has increased more than CPI, in recent years, is the Fire Service Contribution where larger increases have been provided to cover wage costs.

Outside market forces determine the pricing policy for TasFire Equipment and TasFire Training units. Both are required to recover costs for their commercial operations and operate as independent financial units. Both provide valuable fire safety services and education to the community. To date the indirect benefit to the Commission and the community has not been measured. Pricing for both units is commercially based.

8. COMMUNITY SERVICE REQUIREMENT

The Commission is required under the *Fire Service Act 1979* to provide pensioner rebates. This is considered to be a community service legislative requirement. The cost of this service, of which the Commission has no control, is reflected in the financial statements of the Commission.

9. ACCOUNTING POLICIES

9.1 Statement of Accounting Policies

a) Basis of Financial Statements

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards and interpretations. It has been prepared on the basis of historical costs except for the revaluation of land and buildings, and does not take into account changing money values. Accounting policies used are consistent with those of the prior year.

b) System of Accounting

The statements are prepared in accordance with the accrual basis of accounting which brings to account known assets and liabilities at balance date. Income and expenses are recognised when increases or decreases in future economic benefits relating to assets or liabilities arise and can be measured reliably. All amounts shown in the financial statements are in thousands of dollars. The system of accounting complies with the requirements of the *Fire Service Act 1979*.

c) Inventories

Consumable stores are expensed at time of purchase. Stock on hand is valued at the lower of average cost and net realisable value.

d) Receivables

Trade and other receivables are measured at amortised cost less any impairment losses, are generally settled within 60 days and are carried at amounts due. The collectability of debts is assessed at year-end and a specific provision is made for any doubtful accounts. The collectability of debts is assessed at year-end and a specific provision is made for any doubtful debts. The carrying amount of trade receivables approximates net fair value.

e) Work in Progress

Capital Work in Progress is valued at the cost of material, labour and labour on costs for work to date.

f) Land and Buildings

Freehold land and buildings are valued at fair value. Cost is considered to be the best measure of fair value for recently purchased property. Where available, in years subsequent to acquisition, the Valuer-General's valuation or a commercial valuation is used. The Valuer-General progressively revalues land and buildings in a systematic manner, which is both independent and consistent.

On revaluation, the Provision for Depreciation accounts are transferred to the related asset accounts. The assets are then depreciated over their estimated remaining useful lives using their revalued amount as the base.

When a class of assets is revalued upwards, that part of the revaluation increment that reverses previously expensed revaluation decrements for that class of assets is treated as revenue, and any excess is credited to the Asset Revaluation Reserve.

When a class of assets is revalued downwards, that part of the revaluation decrement that reverses a credit balance in the Asset Revaluation Reserve relating to that class of assets is debited to the Reserve, and any excess decrement is expensed.

g) Fire Appliances and Plant and Equipment

Internal expenses incurred in the fabrication of fire appliances and the construction of radio and communications equipment are capitalised.

Passenger vehicles are valued at cost.

Plant and Equipment is at cost and is comprised of Fire Fighting Equipment, Workshop and Other Equipment, Radio and Communications Equipment, Office Furniture and Equipment and Computer Equipment.

Items of Plant and Equipment with a purchase price of less than \$2,000 are expensed at time of purchase. Items of Plant and Equipment with a cost of \$2,000 or more are shown at cost less depreciation and are written off over their expected useful life to the Commission on a straight line basis. Equipment is not depreciated until full operational status is attained.

Expenditure incurred in relation to plant and equipment subsequent to initial acquisitions is capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the assets will flow to the Commission in future years. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives.

Depreciation

Items of property, plant and equipment, including buildings, are depreciated over their estimated useful lives.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. All items are depreciated using the straight line method of depreciation at the following rates:

Buildings	1.0% -3.3%
Motor Vehicles	4% - 20%
Fire Appliances	4% - 5%
Plant and Equipment	6.6% - 33.3%

h) Impaired Assets

Assets are reviewed at balance date for impairment using a range of impairment indicators. Where an asset is deemed to be impaired, its recoverable amount is estimated, and if materially lower than its carrying amount, the carrying amount is reduced to its recoverable amount. Any resulting impairment loss (or gain) is recognised in the Income Statement in *Financial and Other Expenses (or Sundry Revenue)* unless the asset has previously been revalued upwards, in which case it is recognised as a reversal up to the amount of the previous revaluation and any excess is recognised through profit or loss.

i) **Assets Held for Sale**

Non-Current Assets are reclassified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are stated at the lower of carrying value and fair (net recoverable) value less disposal costs. Provision for Depreciation accounts are transferred to the related asset accounts and the assets are then revalued to their estimated net recoverable value with any resulting impairment gains or losses disclosed in the Income Statement. Non-Current Assets held for resale are transferred to Current Assets and are not depreciated.

j) **Provision for Employee Related Expenses**

No cash reserve has been set aside to meet commitments from the Provision for Employee Related Expenses and commitments will be met as they fall due. The Provision is comprised of Provisions for Long Service Leave, Annual Leave, Superannuation and Payroll Tax.

Provision for Long Service Leave is made for all employees. The liability is the sum of the existing entitlements and an estimate of future entitlements expected to arise from service completed at 30 June.

In determining the liability for expected future entitlements, consideration has been given to known future increases in wage and salary rates, and experiences with staff separations. Estimated future accrued leave has been discounted using the rates applied to national government securities at balance date, which best match the terms of maturity of the related liabilities.

The current provision is the sum of the present entitlements to leave (i.e. the liability relating to employees with nine or more years' service) and the balance of the provision is treated as the non-current provision.

Provision for Annual Leave represents employee entitlements due and accrued as at 30 June. The provision has been calculated using the remuneration rates the Commission expects to pay when the obligations are settled.

Superannuation and Payroll Tax Provisions are calculated by applying the appropriate superannuation and payroll tax rates to the liabilities calculated for Long Service Leave and Annual Leave.

Sick Leave the Commission does not provide for sick leave. All of the Commission's sick leave is non-vesting, and it is thus inappropriate to make provision for future sick leave.

k) **Superannuation**

The Commission up until 30 April 2006, by virtue of the *State Fire Commission Superannuation Scheme Act 1994*, operated the State Fire Commission Superannuation Scheme for employees of the State Fire Commission classified under the *Tasmanian Fire Fighting Industry Employees Award*. This scheme was closed to new members on 30 June 2005. Effective 1 May 2006 the *State Fire Commission Superannuation Scheme Act 1994* was repealed by the *Retirement Benefits (State Fire Commission Superannuation Scheme) Act 2005*. The Scheme is now administered by the Retirement Benefits Board and the defined benefits component of the Scheme is now a subfund of the Retirement Benefits Fund. The accumulation benefits component was transferred to the Tasmanian Accumulation Scheme and forms part of the Retirement Benefits Fund. The Commission remains responsible for ensuring adequate funding of the defined benefits component of the Scheme. The Commission's net obligation in relation to the Scheme is recorded in the SFC Superannuation Fund Net Liability if it is a liability or in SFC Superannuation Fund Net Asset if it is an asset and net movement in the obligation is recorded in the Statement of Recognised Income and Expense. Actuarial gains and losses in relation to this fund are recognised in the year they are incurred.

The Commission also makes employer superannuation contributions based as a minimum on the Commonwealth's Superannuation Guarantee rate for State Award employees. These employees may elect to have their contributions forwarded to any complying superannuation scheme.

Prior to 1 July 1986 the State Fire Commission maintained its own fully funded superannuation scheme for Commission employees who contributed to the Retirement Benefits Fund. As at 30 June 1986 the provision had accumulated to \$2,447,447 and this amount was recorded in the Commission's accounts. As at 1 July 1986 accounting for Retirement Benefits Fund Superannuation entitlements was transferred to the State Treasury. A payment representing the provision as at 30 June 1986 of \$2,447,447 was made to the State Treasury on the condition that the Government would fund the existing and future superannuation liability of Commission employees.

l) Investments and Borrowings

The Commission conducts its investment and borrowing programs with the Tasmanian Public Finance Corporation (Tascorp) and private investment managers.

Investments are carried at the face value of the amounts deposited. The carrying value of investments approximates the net fair value. Interest revenue is accrued at the market or contracted rate.

m) Financial Liabilities

Financial liabilities, including borrowings, are initially carried at fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

The Commission manages trade creditor accounts to ensure timely payments and no material interest is paid on these liabilities.

n) Cash and Cash Equivalents

Cash comprises cash on hand, deposits held at call and short term deposits with a bank or financial institution.

All cash transactions are recorded through the Commission's bank account.

Cash and cash equivalents are carried at fair (face) value.

9.2 Work in Progress/Capital Works Commitments

Work in progress represents capital expenditure to date plus Capital Works Commitments.

9.3 Non-Current Assets

Plant and Equipment comprises the following major categories of assets: Fire Fighting Equipment, Workshop and Other Equipment, Radio and Communications Equipment, Office Furniture and Equipment and Computer Equipment.

9.4 Bank Overdraft

The bank overdraft of the Commission is unsecured and subject to annual review.

9.5 Loans

Since 1986, all loans raised have been arranged through the Tasmanian Public Finance Corporation.

All loans are recorded in Australian dollars. The loan amount in current liabilities comprises the portions of the loans payable within one year. The non-current loan balance represents the portion of the loans not due within one year.

9.6 Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets excluding investments, of the Commission, which has been recognised on the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

9.7 Insurance Fire Levy

Contributions are received from insurance companies in respect of premium income on certain prescribed classes of insurance where the risks insured are situated in Tasmania. Contributions are received monthly with an approved lodgement return. The current insurance fire levy is 2% on marine cargo insurance, 14% on aviation hull insurance, and 28% on other classes of insurance. The first two rates were established in November 1986 and the last was increased from 14% in October 1990.

9.8 Fire Service Contribution

Contributions are collected by Councils through a fire contribution raised on properties. The Commission pays Councils a four per cent collection fee. A minimum levy of \$25 has applied since 1990-91 in order to provide additional funds to re-equip volunteer brigades. A legislative change to the Act in 1999 resulted in the indexation of the minimum fire service contribution in line with movements in the consumer price index. The change to the Act, effective from 1 July 2001, will result in the minimum fire service contribution remaining at \$36 for 2013-14.

9.9 Payments from State and Commonwealth Governments

Under Section 101 of the *Fire Service Act 1979* the Treasurer is required to pay out of moneys appropriated by Parliament, such amounts as the Treasurer determines is appropriate towards defraying the operating costs of the Commission.

The Commonwealth Government pays to the Commission an annual contribution towards the operating cost of brigades.

9.10 Motor Vehicle Fire Levy

The Commission receives income raised through a fire levy applied to all registered vehicles. This is collected by the Department of Infrastructure Energy and Resources as part of the vehicle registration fee and forwarded to the Commission. For 2013-14 the motor vehicle fire levy will remain at \$16 per vehicle.

The levy is subject to movements in the Consumer Price Index.

9.11 Fire Prevention Charges

Revenue is raised by the Commission's Service Division and Brigades through the sale, inspection, recharging and repair of fire safety equipment throughout the State.

9.12 Remuneration of Commissioner Members

Commissioner Members not employed by the *State Service Act 2000* are paid a sitting fee and are reimbursed for travel costs.

9.13 Remuneration of Auditors

The audit of the Commission is undertaken by the Tasmanian Audit Office on a fee for service basis.

10. DISTRIBUTION POLICY AND TARGETS

The Commission retains any surpluses and uses these funds to assist with its capital development program. The Commission is not required to distribute any surpluses to government.

11. FINANCIAL PLAN

The financial plan for the Commission includes a 4.0 per cent increase in the Fire Service Contribution for 2013-14 to 2014-15 with a 5.0 per cent increase for 2015-16, 2016-17 and 2017-18 proposed.

The Income Statement, Balance Sheet and Cash Flow Statements are detailed at Annex A, B and C respectively.

12. CAPITAL EXPENDITURE PLAN

General

Each year the Commission allocates its capital budget on a priority basis. With some 232 brigades and around 5,316 personnel to cater for, a set of criteria has been developed to support consistent and rational decisions relating to the siting and building of fire stations and the allocation of fire appliances and equipment. A five tier risk based brigade classification ranging from category one rural volunteer brigades to category five city brigades staffed by career firefighters has been developed. A brigade's category assists in determining its fire station type and configuration and its allocation of fire appliances. The siting of fire stations is crucial and consideration is given to a number of factors including the risk profile of the brigade, response times, callout patterns, population distribution and demographics as well as its staffing status (career or volunteer). After taking these factors into consideration the Commission then prioritises and allocates funds accordingly.

The provision of fire stations with appropriate facilities both for the brigade members and for garaging fire appliances has been a high priority for many years. This priority has nearly been satisfied although there is likely to always be a need to progressively upgrade or replace fire stations over time. This easing in requirement for building funds has enabled an increased proportion of capital expenditure to the replacement of fire appliances.

Fire Fighting Truck Replacement Program

The Commission is committed to providing its fire fighters with safe and operationally effective fire trucks, allocated on a 'fitness for purpose' basis. Through economies of scale it has been possible to scope, design and fabricate on average, 29 operational fit for purpose fire fighting trucks per annum. Assisted by a higher volume of trucks per annum through mass production, the Commission has been able to develop a rolling and sustainable fire truck replacement program that will ultimately result in a decline in the maximum age of its operational fleet of trucks from in excess of 25 years, to somewhere in the vicinity of 20 years of age.

Total funding for the next five years of \$19.0 million, excluding capital funds to be carried forward, has been allocated to the Fire Fighting Truck Replacement Program which will see the heavy tanker fleet upgraded to crew cab appliances, additional medium and light tankers fabricated as well as the purchase of two new pumpers and the refurbishment of aerial appliances.

New trucks are allocated to brigades on a priority basis, matched to criteria including risks such as terrain, vegetation, topography and zoning. Older, still serviceable trucks that are replaced with new ones, are upgraded and reallocated to brigades using the same rationale for allocation. The commissioning of one new fire truck has a flow on effect, with the potential to increase the resourcing and capability of several brigades state wide. This process ensures that brigades are provided with the most suitable fire trucks having regard to their need and the level and type of risk in their area. Funding has also been allocated to upgrade the fleet of front line heavy pumper appliances, stationed within the career brigade's state-wide. Since the formulation of the heavy pumper appliance replacement plan in 2003, a total of seven heavy pumpers have been purchased and commissioned at a cost of \$3.97 million.

Provision is also made for passenger vehicle replacements with replacements being determined by the passenger vehicle replacement policy and the Commission's ability to provide funding.

Plant and Equipment Replacement Program

The Commission is committed to continue to replace aging communications systems infrastructure in 2013-14. This includes the third year of a five year program to replace ageing paging system infrastructure (paging transmitters and associated links) across the state. We continue to replace backhaul systems and will convert several more analogue system links to digital based IP systems to enable better flexibility and diversity and improved disaster recovery. The radio replacement project will continue, this project replaces radio network equipment including site infrastructure (power and monitoring systems, access and security equipment) across the state, ensuring critical systems maintain high availability and serviceability. The fires of January 2013 highlighted some deficiencies in our Video Conferencing systems and this year the system will be upgraded, enabling improved multi room connections with interactive displays across all three regional centres improving collaboration for better outcomes within incident management.

The SAN (Storage Area Network) and blade server infrastructure and operational systems replacement program will enter their maintenance cycle and are due to be replaced until 2016-17 and 2017-18 respectively. The desktop and laptop replacement program continues in 2013-14 with a substantial expenditure occurring in 2014-15 with approximately one third of the desktop fleet requiring replacement and the remaining two thirds of the desktop fleet being replaced in 2016-17. The annual expenditure on laptops is fairly constant over the next 5 years. The current boundary mapping laptops will be replaced with newer tablets in 2013-14. Replacement of edge network infrastructure, in the smaller of the TFS sites, has been brought forward as the Government phone network, which uses Telstra's spectrum network, is being decommissioning. This will also require a large expenditure in 2013-14 to replace the old analogue handsets with new VoIP handsets connected via the data network.

The Capital Expenditure Plan is detailed at Annex D.

13. DEBT REDUCTION STRATEGY

Where opportunities arise the Commission is committed to reducing its debt of \$4.7 million. In seeking to reduce its debt the Commission has been mindful not to compromise its fire appliance replacement program.

14. KEY PERFORMANCE TARGETS

Key performance targets are detailed at Annex E.

15. MARKETING PLAN

To date a marketing plan has not been completed, however, the Commission continues to undertake reviews aimed at identifying the fire safety needs and expectations of the community.

16. HUMAN RESOURCE PLAN

The strategic Human Resource priorities for the Commission are outlined in Goal 4 - *Be an adaptive, relevant, resilient and sustainable organisation*.

As an emergency service, the performance of the TFS is heavily reliant on the effective performance of its people. Effective performance requires the TFS to have the right people in the organisation, to have systems that enable them to perform effectively and to have a working environment that supports its people and enables safe and effective service delivery.

To this end, it is the Commission's aim to support its people in a safe, fair and productive work environment. As a workplace within the Tasmanian State Service, the Commission will be continuing the process of ensuring TFS workplaces reflect the State Service Principles as contained within the *State Service Act 2000*. The objectives outlined in this plan relating to our people are consistent with the objectives of the State Service People Directions Framework.

The achievement of this plan will require significant consultation with stakeholders, the development of key policies and systems, and ongoing cultural and behavioural change.

The major objectives are:

Further develop a safe, strategic and capable workforce

The Commission recognises a key factor in effective service delivery is continuing to develop a safe and capable workforce aware of the strategic factors affecting service outcomes. To achieve this, the TFS will continue to develop:

- Appropriate recruitment strategies and systems to enable TFS to appoint the right people;
- Strategic work health and safety, and learning and development plans to guide and prioritise system and culture development; and
- Systems and skills to effectively manage projects and workloads.

Shape and foster our leadership and culture to achieve our vision, values and strategic objectives

The Commission needs to have constructive leadership and culture in order to meet future challenges in a changing environment. This goal will be achieved by:

- Embedding our values so that they guide our decisions, actions and behaviours at all levels;
- Continue the implementation of our leadership framework to ensure our desired leadership qualities are supported by consistent operational systems and leadership development programs; and
- Enhancing our internal communication systems and monitoring their effectiveness to ensure our people have the opportunity to be engaged.

STATE FIRE COMMISSION
FINANCIAL PLAN - INCOME STATEMENT

	Actual 2011-12 \$' 000	Base- Budget 2012-13 \$' 000	Revised Budget 2012-13 \$' 000	Year 1 2013-14 \$' 000	Year 2 2014-15 \$' 000	Year 3 2015-16 \$' 000	Year 4 2016-17 \$' 000	Year 5 2017-18 \$' 000
REVENUE								
Fire Service Contribution	32,289	33,574	33,580	34,917	36,314	38,130	40,037	42,039
Insurance Fire Levy	17,556	16,400	17,400	17,800	18,000	18,200	18,400	18,600
State Government	4,770	2,313	3,103	2,050	2,050	2,050	2,050	2,050
Motor Vehicle Fire Levy	6,826	6,750	6,750	6,820	7,250	7,250	7,250	7,677
Fire Prevention Charges	5,607	5,694	5,674	5,665	5,835	6,011	6,192	6,378
Sundry Income	2,035	868	1,354	1,178	1,208	1,238	1,268	1,298
Interest	493	200	450	350	206	212	219	225
Commonwealth Government	1,338	1,298	1,303	1,332	1,372	1,413	1,455	1,499
Total Revenue from Ordinary Activities	70,914	67,097	69,614	70,112	72,235	74,504	76,871	79,766
EXPENSES:								
Salaries, Wages and Related Expenses	43,687	44,582	44,842	46,841	47,464	48,720	49,694	50,688
Community Awareness, Subscriptions and Professional Fees	1,129	1,513	1,513	1,618	1,770	1,820	1,870	1,930
Learning and Development	589	898	898	1,000	1,175	1,081	1,090	1,086
Operations	8,431	7,572	8,228	7,922	8,162	8,402	8,642	8,882
Protective Clothing and Uniforms	704	850	850	900	927	955	984	1,014
Accounting and Finance	4,523	5,440	5,240	5,686	5,860	6,040	6,220	6,400
Repairs and Maintenance	1,634	1,601	1,401	1,700	1,750	1,800	1,850	1,910
Equipment under \$2,000	1,114	720	920	1,000	1,030	1,061	1,093	1,126
Interest	283	440	246	256	260	270	280	290
Depreciation	5,114	5,326	5,439	6,304	6,430	6,560	5,870	5,990
Total Expenses from Ordinary Activities	67,208	68,942	69,577	73,227	74,828	76,709	77,593	79,316
Net Surplus/(Deficit)	3,706	-1,845	37	-3,115	-2,593	-2,205	-722	450

STATE FIRE COMMISSION
FINANCIAL PLAN - BALANCE SHEET

	Actual 2011-12 \$' 000	Base 2012-13 \$' 000	Revised Base 2012-13 \$' 000	Year 1 2013-14 \$' 000	Year 2 2014-15 \$' 000	Year 3 2015-16 \$' 000	Year 4 2016-17 \$' 000	Year 5 2017-18 \$' 000
CURRENT ASSETS								
Investments	0	0	0	0	0	0	0	0
Inventories	1,401	1,721	1,401	1,415	1,430	1,445	1,460	1,475
Receivables	2,093	2,067	2,093	2,156	2,220	2,287	2,356	2,427
Cash Assets	15,186	6,834	11,978	6,408	4,172	2,392	1,715	1500
Other Assets	3,223	2,300	3,223	3,320	3,420	3,522	3,627	3,736
Total Current Assets	21,903	12,922	18,695	13,299	11,242	9,646	9,157	9,137
NON-CURRENT ASSETS								
Work in Progress	4,026	2,583	240	243	247	254	262	270
Land & Buildings	53,379	54,067	54,385	55,284	55,627	55,842	56,077	56,172
Motor Vehicles	32,106	34,126	36,061	38,027	38,390	38,830	39,070	40,190
Plant & Equipment	7,678	8,317	9,748	9,335	8,275	7,195	6,675	6,125
Total Non-Current Assets	97,189	99,093	100,434	102,889	102,539	102,121	102,084	102,757
TOTAL ASSETS	119,092	112,015	119,129	116,188	113,781	111,767	111,241	111,894
CURRENT LIABILITIES								
Payables	4,824	4,101	4,824	4,751	4,685	4,619	4,554	4,489
Provision for Employee Entitlements	11,464	10,140	11,464	11,693	11,927	12,166	12,409	12,657
Interest Bearing Liabilities	0	3,330	0	0	0	0	0	0
Total Current Liabilities	16,288	17,571	16,288	16,444	16,612	16,785	16,963	17,146
NON CURRENT LIABILITIES								
Provision for Employee Entitlements	886	1,036	886	904	922	940	959	978
Interest Bearing Liabilities	4,698	1,368	4,698	4,698	4,698	4,698	4,698	4,698
SFC Superannuation Fund Net Liability	8,160	3,809	8,160	8,160	8,160	8,160	8,160	8,160
Total Non-Current Liabilities	13,744	6,213	13,744	13,762	13,780	13,798	13,817	13,836
TOTAL LIABILITIES	30,032	23,784	30,032	30,206	30,392	30,583	30,780	30,982
NET ASSETS	89,060	88,231	89,097	85,982	83,389	81,184	80,462	80,912
EQUITY								
Retained Operating Surpluses	74,026	73,027	74,063	70,948	68,355	66,150	65,428	65,878
Reserves	15,034	15,204	15,034	15,034	15,034	15,034	15,034	15,034
TOTAL EQUITY	89,060	88,231	89,097	85,982	83,389	81,184	80,462	80,912

STATE FIRE COMMISSION
FINANCIAL PLAN - CASH FLOW STATEMENT

	Actual 2011-12 \$' 000	Base Budget 2012-13 \$' 000	Revised Base 2012-13 \$' 000	Year 1 2013- 14 \$' 000	Year 2 2014- 15 \$' 000	Year 3 2015- 16 \$' 000	Year 4 2016-17 \$' 000	Year 5 2017-18 \$' 000
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash Receipts in the course of Operations	70,541	66,897	69,164	69,762	72,029	74,292	76,652	79,541
Cash Payments in the course of Operations	-60,670	-63,176	-63,892	-66,667	-68,138	-69,879	-71,443	-73,036
Interest Paid	-283	-440	-246	-256	-260	-270	-280	-290
Interest Received	493	200	450	350	206	212	219	225
Net Cash Flows from Operating Activities	10,081	3,481	5,476	3,189	3,837	4,355	5,148	6,440
Cash Flows from Investing Activities								
Proceeds from Sale of Equipment	562	300	300	300	300	300	300	300
Payments for Property, Plant and Equipment	-7,921	-5,618	-8,984	-9,059	-6,373	-6,435	-6,125	-6,955
Net Cash used in Investing Activities	-7,359	-5,318	-8,684	-8,759	-6,073	-6,135	-5,825	-6,655
Cash Flows from Financing Activities								
Repayment of Borrowings	-3,330	0	0	0	0	0	0	0
Proceeds from Loan	3,330							
Net Cash used in Financing Activities	0	0	0	0	0	0	0	0
Net Increase /(Decrease) in Cash Held	2,722	-1,837	-3,208	-5,570	-2,236	-1,780	-677	-215
Cash at the Beginning of the Financial Period	12,464	8,671	15,186	11,978	6,408	4,172	2,392	1,715
Cash at the end of the Financial Period	15,186	6,834	11,978	6,408	4,172	2,392	1,715	1,500

**STATE FIRE COMMISSION
FINANCIAL PLAN - CAPITAL EXPENDITURE**

	Original 2012-13 \$' 000	Revised 2012-13 \$' 000	2013-14 \$' 000	2014-15 \$' 000	2015-16 \$' 000	2016-17 \$' 000	2017-18 \$' 000
CAPITAL EXPENDITURE (NEW)							
Land and Buildings	740	1,886	1,846	1,313	1,205	1,215	1,095
Motor Vehicles and Appliances	950	3,580	5,710	4,170	4,320	4,000	4,950
Plant and Equipment	1,428	3,518	1,503	890	910	910	910
TOTAL	3,118	8,984	9,059	6,373	6,435	6,125	6,955

SOURCE OF FUNDS: Internal	3,118	8,984	9,059	6,373	6,435	6,125	6,955
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CAPITAL EXPENDITURE (C/F)							
Land and Buildings		1,146					
Motor Vehicles and Appliances	2,600	2,600					
Plant and Equipment		2,090					
TOTAL	2,600	5,836					

SOURCE OF FUNDS: Internal C/F	2,600	5,836	0	0	0	0	0
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STATE FIRE COMMISSION
KEY PERFORMANCE TARGETS

Performance Targets	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Target	Target	Target	Target	Target	Target
Operational							
Number of preventable house fires per 100,000 households	154	140	140	135	130	130	130
Number of false alarms (DBA) *	3,569	3,100	3,000	2,900	2,900	2,900	2,900
Percentage of fire causes undetermined	18%	20.0%	19.0%	18.0%	18.0%	18.0%	18.0%
Percentage of fires in structures confined to room of origin	72%	75.0%	75.0%	76.0%	76.0%	76.0%	76.0%
Financial							
Operating surplus after abnormal items	\$3.7m	(\$1.8m)	(\$3.1m)	(\$2.6m)	(\$2.2m)	(\$0.7m)	\$0.5m
Return on assets	3.4%	(1.3%)	(2.5%)	(2.0%)	(1.7%)	(0.4%)	0.7%
Return on equity	4.1%	(2.2%)	(3.6%)	(3.1%)	(2.7%)	(0.9%)	0.6%
Debt to equity	5.3%	5.3%	5.5%	5.6%	5.8%	5.8%	5.8%
Current ratio	134.5%	73.5%	80.9%	67.7%	57.5%	54.0%	53.3%
Human Resource							
Absence Rate		<6	<6	<6	<6	<6	<6
Workers compensation claims		<50	<50	<50	<50	<50	<50

*This indicator only includes false alarms generated by fire detection and alarm systems in buildings.