



NSW RURAL FIRE SERVICE



NSW RFS ANNUAL REPORT

2014/15

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INDEPENDENT AUDITOR'S REPORT

New South Wales Rural Fire Service

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of New South Wales Rural Fire Service (the Service), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Service as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Service
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



David Nolan
Director, Financial Audit Services

21 September 2015
SYDNEY



**NSW RURAL FIRE SERVICE
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

Statement by the Commissioner

Pursuant to section 45F of the Public Finance and Audit Act 1983 I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Financial Reporting Code for NSW General Government Sector Entities, the applicable clauses of the Public Finance and Audit Regulation 2015 and the Treasurer's Directions;
- (b) The financial statements exhibit a true and fair view of the financial position and financial performance of the Service for the year ended 30 June 2015; and
- (c) At the date of this statement there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Shane Fitzsimmons AFSM
Commissioner

21 September 2015

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Statement of comprehensive income for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	94,636	99,815	94,698
Other operating expenses	2(b)	49,253	51,920	41,352
Depreciation and amortisation	2(c)	7,402	4,591	5,942
Grants and subsidies	2(d)	149,275	162,030	256,633
Other expenses	2(e)	10,619	14,525	13,426
Total Expenses excluding losses		311,185	332,881	412,051
Revenue				
Sale of goods and services	3(a)	1,340	437	51
Investment revenue	3(b)	2,074	720	-
Grants and contributions	3(c)	318,476	287,250	404,183
Acceptance by the Crown Entity of employee benefits	3(d)	616	671	-
Other revenue	3(e)	17,971	7,961	18,173
Total Revenue		340,477	297,039	422,407
Gain / (loss) on disposal	4	353	-	696
Net Result		29,645	(35,842)	11,052
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Remeasurement of the net defined benefit liability	20	-	-	1,226
Total other comprehensive income		-	-	1,226
TOTAL COMPREHENSIVE INCOME		29,645	(35,842)	12,278

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6(a)	67,050	5,053	59,390
Receivables	7	26,549	3,872	14,907
Total Current Assets		93,599	8,925	74,297
Non-Current Assets				
Property, plant and equipment	8			
- Land and buildings		528	-	375
- Plant and equipment		27,121	23,835	21,805
- Infrastructure systems		3,308	1,647	4,621
Total property, plant and equipment		30,957	25,482	26,801
Intangible assets	9	1,734	844	1,958
Total Non-Current Assets		32,691	26,326	28,759
Total Assets		126,290	35,251	103,056
LIABILITIES				
Current Liabilities				
Payables	11	21,635	29,126	30,564
Provisions	12	31,475	25,145	29,293
Other	13	86	75	85
Total Current Liabilities		53,196	54,346	59,942
Non-Current Liabilities				
Provisions	12	1,310	17,881	20,148
Other	13	337	431	421
Total Non-Current Liabilities		1,647	18,312	20,569
Total Liabilities		54,843	72,658	80,511
Net Assets		71,447	(37,407)	22,545
EQUITY				
Accumulated funds		71,447	(37,407)	22,545
Total Equity		71,447	(37,407)	22,545

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2015

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2014		22,545	22,545
Net result for the year		29,645	29,645
Other comprehensive income:			
Remeasurement of net defined benefit liability	20	-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		52,190	52,190
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	14	19,257	19,257
Balance at 30 June 2015		71,447	71,447
Balance at 1 July 2013		10,267	10,267
Net result for the year		11,052	11,052
Other comprehensive income:			
Remeasurement of net defined benefit liability	20	1,226	1,226
Total other comprehensive income		1,226	1,226
Total comprehensive income for the year		12,278	12,278
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	14	-	-
Balance at 30 June 2014		22,545	22,545

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(91,533)	(99,144)	(91,413)
Grants and subsidies		(149,275)	(162,030)	(256,633)
Other		(84,227)	(62,396)	(79,571)
Total Payments		(325,035)	(323,570)	(427,617)
Receipts				
Sale of goods and services		1,340	437	51
Interest received		2,074	720	-
Grants and contributions		304,330	287,222	413,046
GST receipts		14,540	6,550	23,257
Other		21,393	7,914	12,783
Total Receipts		343,677	302,843	449,137
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	18,642	(20,727)	21,520
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		2,061	4,980	2,975
Purchases of plant and equipment		(13,043)	(9,863)	(15,807)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(10,982)	(4,883)	(12,832)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided / (used) from financing activities		-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-
NET INCREASE / (DECREASE) IN CASH		7,660	(25,610)	8,688
Opening cash and cash equivalents		59,390	30,663	50,702
CLOSING CASH AND CASH EQUIVALENTS	6(a)	67,050	5,053	59,390

The accompanying notes form part of these financial statements.

Supplementary Financial Statements
Service group statements for the year ended 30 June 2015

	Community Safety*		Emergency Bush Fire Operations*		Operational and Administrative Support*		Not Attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
RURAL FIRE SERVICE'S EXPENSES & INCOME										
Expenses excluding losses										
Operating expenses										
• Employee related	5,789	5,347	66,491	68,344	22,356	21,007	-	-	94,636	94,698
• Other operating expenses	3,996	4,022	15,276	12,351	29,981	24,979	-	-	49,253	41,352
Depreciation and amortisation	34	23	4053	3,936	3315	1,983	-	-	7,402	5,942
Grants and subsidies	447	404	108,659	129,362	40,169	126,867	-	-	149,275	256,633
Other expenses	-	-	5,045	7,276	5,574	6,150	-	-	10,619	13,426
TOTAL EXPENSES EXCLUDING LOSSES	10,266	9,796	199,524	221,269	101,395	180,986	-	-	311,185	412,051
Revenue										
Sale of goods and services	18	-	431	51	891	-	-	-	1,340	51
Investment revenue	-	-	-	-	2,074	-	-	-	2,074	-
Grants and contributions	227	-	96,420	103,742	221,829	300,441	-	-	318,476	404,183
Acceptance by the Crown Entity of employee benefits	-	-	-	-	616	-	-	-	616	-
Other revenue	395	435	9,868	10,584	7,708	7,154	-	-	17,971	18,173
Total Revenue	640	435	106,719	114,377	233,118	307,595	-	-	340,477	422,407
Gain / (loss) on disposal	(3)	2	285	653	71	41	-	-	353	696
Net result	(9,629)	(9,359)	(92,520)	(106,239)	131,794	126,650	-	-	29,645	11,052
Other Comprehensive Income										
Superannuation actuarial gains / (losses)	-	-	-	-	-	-	-	1,226	-	1,226
Total Other Comprehensive Income	-	-	-	-	-	-	-	1,226	-	1,226
TOTAL COMPREHENSIVE INCOME	(9,629)	(9,359)	(92,520)	(106,239)	131,794	126,650	-	1,226	29,645	12,278

* The purpose of each service group is summarised in Note 5.

Supplementary Financial Statements
Service group statements (continued)

	Community Safety*		Emergency Bush Fire Operations*		Operational and Administrative Support*		Not Attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
RURAL FIRE SERVICE'S ASSET & LIABILITIES										
Current Assets										
Cash and cash equivalents	-	-	-	-	-	-	67,050	59,390	67,050	59,390
Receivables	-	-	1,723	2,964	24,826	11,943	-	-	26,549	14,907
Total Current Assets	-	-	1,723	2,964	24,826	11,943	67,050	59,390	93,599	74,297
Non-Current Assets										
Property, plant and equipment	142	131	22,452	19,363	8363	7,307	-	-	30,957	26,801
Intangibles	-	-	185	247	1,549	1,711	-	-	1,734	1,958
Total Non-Current Assets	142	131	22,637	19,610	9,912	9,018	-	-	32,691	28,759
TOTAL ASSETS	142	131	24,360	22,574	34,738	20,961	67,050	59,390	126,290	103,056
Current Liabilities										
Payables	-	-	13,336	17,306	8,299	13,258	-	-	21,635	30,564
Provisions	-	-	-	-	31,475	29,293	-	-	31,475	29,293
Other	-	-	-	-	86	85	-	-	86	85
Total Current Liabilities	-	-	13,336	17,306	39,860	42,636	-	-	53,196	59,942
Non-Current Liabilities										
Provisions	-	-	-	-	1,310	20,148	-	-	1,310	20,148
Other	-	-	-	-	337	421	-	-	337	421
Total Non-Current Liabilities	-	-	-	-	1,647	20,569	-	-	1,647	20,569
TOTAL LIABILITIES	-	-	13,336	17,306	41,507	63,205	-	-	54,843	80,511
NET ASSETS	142	131	11,024	5,268	(6,769)	(42,244)	67,050	59,390	71,447	22,545

* The purpose of each service group is summarised in Note 5.

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The NSW Rural Fire Service is a NSW government entity. The Service is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The NSW Rural Fire Service as a reporting entity has no controlling or controlled entities.

The financial statements for the year ended 30 June 2015 have been authorised for issue by the Commissioner on 21 September 2015.

(b) Basis of Preparation

The Service's financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Funding – NSW Rural Fire Service

Under the *Rural Fires Act 1997* the Rural Fire Fighting Fund consists of contributions from Local Government (11.7%), the NSW Government (14.6%) and the Insurance Industry (73.7%).

Contributions are recognised in accordance with AASB 1004.

(e) Insurance

With the exception of insurance coverage for volunteers, the Service's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience. Insurance coverage for volunteers is provided through the Bush Fire Fighters Compensation Fund managed by WorkCover NSW, with an annual premium paid.

(f) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Service as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. In addition to the Rural Fire Fighting Fund, other grants and contributions are received from the Commonwealth and State Governments.

Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Contributions

Contributions are received from local government councils (11.7%), insurance companies (73.7%), and NSW Treasury (14.6%). All contributions are reported as grants and contributions revenue for the purposes of income recognition.

Contributions from other bodies (including grants and donations) are generally recognised as income when the Service obtains control over the assets comprising the contributions. Contributions are recognised in accordance with AASB 1004 *Contributions*.

In accordance with the *Rural Fires Act 1997*, any unspent grants and contributions made towards estimated rural fire brigades expenditure are to remain within the Rural Fire Fighting Fund.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Service transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(h) Assets

(i) Acquisitions of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming a part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of Property, Plant and Equipment

The Service does not revalue assets because the carrying value approximates fair value. The plant and equipment of the Service consists primarily of motor vehicles and ICT equipment, and as non-specialised assets with short useful lives they are measured at depreciated historical cost as a surrogate for fair value. The Service has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement costs, where depreciated replacement cost is also fair value.

(v) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSW Rural Fire Service.

All material identifiable components of assets are depreciated separately over their useful lives.

In accordance with AASB 116, the table below illustrates the useful life of applicable asset categories.

<u>Asset Class</u>	<u>Useful Life</u>
Infrastructure systems	3 – 10 Years
Land and buildings	Period of the Lease
Plant and equipment	3 – 20 Years

(vi) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

(vii) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

There are no finance lease arrangements.

(viii) Intangible Assets

The Service recognises intangible assets only if it is probable that future economic benefits will flow to the Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed as finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Service's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Service's intangible assets are amortised using the straight line method over their useful lives.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(ix) Rural Fire Fighting Equipment

The ownership of all fire fighting equipment purchased by the Rural Fire Fighting Fund is vested in the relevant local government council. The cost of such equipment is therefore expensed by the Service in the year of purchase.

The exception to this is fire fighting equipment purchased for the State Mitigation Service which is recorded on the Service's asset register.

(x) Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less an allowance for impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Service and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and other Provisions

(a) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are due to be settled wholly within twelve months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amount of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Service has assessed the actuarial advice based on the Service's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) Long Service Leave and Superannuation

The Service recognises liabilities for long service leave for all employees.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on an annual actuarial review conducted by Mercer and is considered to approximate present value.

The Service's liability for defined benefit superannuation is assumed by the Crown Entity from 1 July 2014. The Service accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions. Further information is provided in Note 20.

(c) Consequential On-Costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(j) Fair Value Hierarchy

A number of the Service's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Service categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Service recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Physical non-current assets measured at depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13 *Fair Value Measurement*. As the Service's property, plant and equipment are non-specialised short lived assets they are valued at depreciated historical cost as a surrogate for fair value and not categorised against the fair value hierarchy.

Refer to Note 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and Reserves

The category 'Accumulated Funds' include all current and prior period retained funds.

(l) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(m) Budgeted Amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (eg adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 17.

(n) Centralised Billing and Collecting Services

The Ministry for Police and Emergency Services (MPES) is responsible for the centralised billing and collection of legislated contributions for the funding of Emergency Service Agencies from the insurance industry and Local Councils. MPES acts as agent for the Service, Fire and Rescue NSW and the State Emergency Service.

(o) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(p) Changes in Accounting Policy, including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time in 2014-15, being:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1031 *Materiality*
- AASB 1055 *Budgetary Reporting*
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-1 regarding amendments to AASB 1049 – relocation of budgetary reporting requirements
- AASB 2013-3 regarding recoverable amount disclosures for non-financial assets
- AASB 2013-4 regarding novation of derivatives and continuation of hedge accounting
- AASB 2013-5 regarding accounting for investment entities
- AASB 2013-6 regarding amendments to AASB 136 arising from Reduced Disclosure Requirements
- AASB 2013-7 regarding amendments to AASB 1038 arising from AASB 10
- AASB 2013-8 regarding consolidated financial statements and Australian implementation guidance for not-for-profit entities (control and structured entities)
- AASB 2013-9 Part B regarding materiality
- AASB 2014-1 Parts A, B and C regarding employee benefits and materiality
- AASB 2014-2 regarding amendments to AASB 1053
- Interpretation 21 *Levies*
- ERR AASB 10 regarding cross-reference in AASB 10 to support the approach to investment entities

The impact of these Standards, where applicable to the NSW Rural Fire Service, in the period of initial application is not material.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 14 and AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding the equity method in separate financial statements
- AASB 2014-10 regarding sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

The initial application of these Standards will have no known material impact on the financial statements.

	2015	2014
	\$'000	\$'000
2. Expenses Excluding Losses		
(a) Employee related expenses		
Salaries and wages (including recreation leave)	78,416	77,546
Superannuation – defined benefit plans*	1,472	2,357
Superannuation – defined contribution plans	6,257	6,067
Long service leave	2,794	2,758
Workers' compensation insurance	786	923
Payroll tax	4,777	4,931
Fringe benefit tax	134	116
	94,636	94,698

* Refer Note 20. Superannuation actuarial gain of \$NIL in 2014-15 (\$1.226m in 2013-14) is recognised as other comprehensive income.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
(b) Other operating expenses include the following:		
Advertising	2,105	1,559
Audit Fees – Internal	492	198
Auditor's remuneration		
- audit of financial statements	140	147
Buildings - all outgoings	1,090	1,139
Computer software	440	496
Consultants	320	123
Consumables	42	141
Contractors	1,134	1,624
Electricity	509	559
Equipment – Computer	5,097	2,340
Equipment – General	4,739	4,613
Fees for service	10,425	6,725
Legal Fees	988	439
Maintenance *	217	292
Operating lease rental expense		
- minimum lease payments	4,555	4,601
Other Expenses	4,301	4,519
Printing and stationery	883	995
Staff training	1,235	1,278
Telephony	2,793	2,805
Travel	3,884	3,120
Vehicle operation	3,864	3,639
	<u>49,253</u>	<u>41,352</u>
<i>*Reconciliation – Total maintenance</i>		
Maintenance expense – contracted labour and other (non-employee related), as above	217	292
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	<u>217</u>	<u>292</u>
(c) Depreciation and amortisation expense		
Depreciation		
Infrastructure systems	1,842	736
Plant and equipment	4,346	4,136
Land and buildings	191	560
	<u>6,379</u>	<u>5,432</u>
Amortisation		
Intangibles	1,023	510
	<u>7,402</u>	<u>5,942</u>

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
(d) Grants and subsidies		
Fire mitigation works	4,253	6,877
Payments for Council costs associated with rural fire fighting activities and equipment	95,465	111,681
Emergency fund – natural disasters	46,202	134,355
Other	3,355	3,720
	<u>149,275</u>	<u>256,633</u>
(e) Other expenses		
Workers' compensation insurance – volunteers	2,000	2,000
Public liability and other insurance	6,618	8,486
Aerial support	2,001	2,940
	<u>10,619</u>	<u>13,426</u>

3. Revenue

(a) Sale of goods and services		
Rendering of services	1,340	51
	<u>1,340</u>	<u>51</u>
(b) Investment revenue		
Interest revenue	2,074	-
	<u>2,074</u>	<u>-</u>
(c) Grants and contributions		
Insurance company contributions	210,373	209,490
Local Government contributions	33,397	33,222
Natural disaster relief contributions *	28,917	117,700
Other Commonwealth and State Government grants	4,114	2,275
Department of Attorney General and Justice grants:		
Recurrent grant	40,527	40,635
Capital grant	1,148	861
	<u>318,476</u>	<u>404,183</u>

* Natural disaster relief contributions included above consist of emergencies declared under section 44 of the *Rural Fires Act 1997* exceeding the claims threshold of \$240,000.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
(d) Acceptance by the Crown Entity of employee benefits		
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	616	-
	<u>616</u>	<u>-</u>
(e) Other Revenue		
Sale of equipment	1,283	714
Comcover – protection of Commonwealth property	379	301
Aviation – use of contract by other agencies	8,352	8,644
Natural disaster recoups (interstate and overseas deployments)	3,938	3,652
TMF hindsight premium receipts	27	1
Workers' compensation receipts	584	730
Insurance claims proceeds	1,717	2,288
Development applications	558	517
Other	1,133	1,326
	<u>17,971</u>	<u>18,173</u>

In accordance with section 119(4)(b) of the *Rural Fires Act 1997*, distribution of proceeds from the sale by Councils of fire fighting equipment is allocated between the Service and the Councils in the same proportion as each entity's contribution to the purchase of the equipment. The Service's share of such proceeds totalled \$1.283m in 2014-15 (\$0.714m in 2013-14).

4. Gain / (Loss) on Disposal

Gain / (Loss) on disposal of plant and equipment		
Proceeds from disposal	2,060	2,975
Written down value of assets disposed	(1,707)	(2,279)
	<u>353</u>	<u>696</u>

5. Service Groups of the Entity

- (a) **Service Group 1** Community Safety
- Purpose: The protection of the Community through measures that enhance community awareness of and participation in fire risk reduction while reducing environmental impact on the NSW Rural Fire Service's incident management activities.
- (b) **Service Group 2** Emergency Bush Fire Operations
- Purpose: To cover the rapid and effective emergency response to incidents in bushfire prone areas to minimise injury and loss to the community.
- (c) **Service Group 3** Operational and Administrative Support
- Purpose: Covers the management and administrative support functions of the Service including financial, human resource and operational support, fire fighting fleet maintenance and the strategy and policy development roles.

	2015	2014
	\$'000	\$'000

6. Current Assets – Cash and Cash Equivalents

(a) Cash

Cash at bank and on hand	67,050	59,390
	67,050	59,390

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	67,050	59,390
Closing cash and cash equivalents (per statement of cash flows)	67,050	59,390

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

(b) Financing facilities available

The Service has a financing facility still required and available through NSW Treasury Corporation to facilitate cash flow until statutory contributions are received. During the year there were no borrowings. The Service has NSW Treasury approval to borrow a maximum of \$30.0m.

A cheque cashing facility of \$0.01m, a credit card facility of \$2.5m and a transaction negotiation authority of \$21.0m are held with the Government's banker, Westpac Banking Corporation, to facilitate routine transactions.

	2015 \$'000	2014 \$'000
7. Current Assets – Receivables		
Fees for service	4,715	7,324
Less: Allowance for impairment	(27)	(17)
Other receivables	18,445	2,629
GST receivable	1,722	2,965
Prepayments	1,694	2,006
	<u>26,549</u>	<u>14,907</u>
Movement in allowance for impairment		
Balance at 1 July	17	5
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	10	12
Balance at 30 June	<u>27</u>	<u>17</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

8. Non-Current Assets – Property, Plant and Equipment

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
At 1 July 2014 – fair value				
Gross carrying amount	5,302	28,734	6,653	40,689
Accumulated depreciation and impairment	(4,927)	(6,929)	(2,032)	(13,888)
Net carrying amount	<u>375</u>	<u>21,805</u>	<u>4,621</u>	<u>26,801</u>
At 30 June 2015 – fair value				
Gross carrying amount	5,646	36,062	6,736	48,444
Accumulated depreciation and impairment	(5,118)	(8,941)	(3,428)	(17,487)
Net carrying amount	<u>528</u>	<u>27,121</u>	<u>3,308</u>	<u>30,957</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
Year ended 30 June 2015				
Net carrying amount at start of year	375	21,805	4,621	26,801
Additions	344	11,441	664	12,449
Disposals	-	(1,572)	(135)	(1,707)
Depreciation expense	(191)	(4,346)	(1,842)	(6,379)
Prior year adjustment	-	(207)	-	(207)
Net carrying amount at end of year	<u>528</u>	<u>27,121</u>	<u>3,308</u>	<u>30,957</u>

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
At 1 July 2013 – fair value				
Gross carrying amount	5,146	26,064	4,644	35,854
Accumulated depreciation and impairment	(4,367)	(8,572)	(2,943)	(15,882)
Net carrying amount	<u>779</u>	<u>17,492</u>	<u>1,701</u>	<u>19,972</u>

At 30 June 2014 – fair value

Gross carrying amount	5,302	28,734	6,653	40,689
Accumulated depreciation and impairment	(4,927)	(6,929)	(2,032)	(13,888)
Net carrying amount	<u>375</u>	<u>21,805</u>	<u>4,621</u>	<u>26,801</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
Year ended 30 June 2014				
Net carrying amount at start of year	779	17,492	1,701	19,972
Additions	156	10,728	3,656	14,540
Disposals	-	(2,279)	-	(2,279)
Depreciation expense	(560)	(4,136)	(736)	(5,432)
Prior year adjustment	-	-	-	-
Net carrying amount at end of year	<u>375</u>	<u>21,805</u>	<u>4,621</u>	<u>26,801</u>

9. Intangible Assets

	Software \$'000	Total \$'000
At 1 July 2014		
Cost (gross carrying amount)	3,267	3,267
Accumulated amortisation and impairment	(1,309)	(1,309)
Net carrying amount	<u>1,958</u>	<u>1,958</u>
At 30 June 2015		
Cost (gross carrying amount)	4,067	4,067
Accumulated amortisation and impairment	(2,333)	(2,333)
Net carrying amount	<u>1,734</u>	<u>1,734</u>
Year ended 30 June 2015		
Net carrying amount at start of year	1,958	1,958
Additions (acquired separately)	799	799
Additions (internally developed)	-	-
Disposals	-	-
Amortisation (recognised in 'depreciation and amortisation')	(1,023)	(1,023)
Net carrying amount at end of year	<u>1,734</u>	<u>1,734</u>
	Software \$'000	Total \$'000
At 1 July 2013		
Cost (gross carrying amount)	2,888	2,888
Accumulated amortisation and impairment	(1,687)	(1,687)
Net carrying amount	<u>1,201</u>	<u>1,201</u>
At 30 June 2014		
Cost (gross carrying amount)	3,267	3,267
Accumulated amortisation and impairment	(1,309)	(1,309)
Net carrying amount	<u>1,958</u>	<u>1,958</u>
Year ended 30 June 2014		
Net carrying amount at start of year	1,201	1,201
Additions (acquired separately)	179	179
Additions (internally developed)	1,088	1,088
Disposals	-	-
Amortisation (recognised in 'depreciation and amortisation')	(510)	(510)
Net carrying amount at end of year	<u>1,958</u>	<u>1,958</u>

	2015 \$'000	2014 \$'000
10. Restricted Assets		
Cash held as part of the Rural Fire Fighting Fund	66,561	58,901
Cash held as part of the ICT Reinvestment Pool	489	489
	<u>67,050</u>	<u>59,390</u>

The Service holds funds that form the NSW Rural Fire Fighting Fund which is a special deposits account established under section 102 of the *Rural Fires Act 1997*. Funds in the Rural Fire Fighting Fund can only be expended for the purposes defined in the Act.

The Service also holds funds that form part of the Information and Communications Technology (ICT) Reinvestment Pool which can only be expended in accordance with the requirements of NSW Treasury Policy Paper 12-05 *Information and Communications Technology (ICT) Reinvestment Pool*.

11. Current Liabilities – Payables

Accrued salaries, wages and on-costs	2,884	2,089
Accrued payables	8,952	13,565
Creditors	9,799	14,910
	<u>21,635</u>	<u>30,564</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

12. Current / Non-Current Liabilities - Provisions

Employee benefits and related on-costs		
Recreation leave – short term benefit	6,518	6,256
Recreation leave – long term benefit	3,184	3,933
Long service leave	22,725	19,931
Unfunded superannuation (refer Notes 1(i)(b), 14 and 20)	-	19,257
Provisions for Fringe Benefits Tax	64	64
	<u>32,491</u>	<u>49,441</u>
Other provisions		
Restoration costs	294	-
	<u>32,785</u>	<u>49,441</u>
Total provisions		
	<u>32,785</u>	<u>49,441</u>
Aggregate employee benefits and related on-costs		
Provisions – current	31,475	29,293
Provisions – non-current	1,310	20,148
Accrued salaries, wages and on-costs (Note 11)	2,884	2,089
	<u>35,669</u>	<u>51,530</u>

	2015 \$'000	2014 \$'000
13. Current / Non-Current Liabilities – Other		
Lease incentive	423	506
	<u>423</u>	<u>506</u>

14. Increase/Decrease in Net Assets from Equity Transfers

Acceptance of defined benefit superannuation by the Crown Entity	19,257	-
	<u>19,257</u>	<u>-</u>

On 1 July 2014 the Crown Entity accepted the liability for State defined benefit superannuation schemes that previously resided with the NSW Rural Fire Service.

15. Commitments for Expenditure**(a) Capital Commitments**

Aggregate capital expenditure for the acquisition of plant and equipment and infrastructure systems contracted for at balance date and not provided for:

Not later than one year	932	2,242
Later than one year and not later than five years	-	-
Later than five year	-	-
Total (including GST)	<u>932</u>	<u>2,242</u>

Capital commitments include income tax credits of \$0.085m in 2014-15 (2013-14 \$0.204m) that are expected to be recovered from the Australian Taxation Office.

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	4,858	4,897
Later than one year and not later than five years	16,420	17,287
Later than five year	583	2,902
Total (including GST)	<u>21,861</u>	<u>25,086</u>

Operating lease commitments include income tax credits of \$1.987m in 2014-15 (\$2.281m in 2013-14) that are expected to be recovered from the Australian Taxation Office.

Operating lease commitments comprise of properties for the NSW Rural Fire Service Headquarters, Regional Offices and a warehouse at Glendenning and motor vehicles.

16. Contingent Assets and Contingent Liabilities

Contingent liabilities

At balance date the Service was a party to litigation that may result in the payment of minor amounts to settle legal claims. As the Service is insured through the Treasury Managed Fund in respect of the majority of legal claims, any residual amounts are considered to be immaterial. It is not practicable to quantify these amounts due to their nature.

Contingent liabilities associated with the Local Government Superannuation Scheme are disclosed at Note 20(b).

Contingent assets

The Service has no contingent assets.

17. Budget Review

The 2014-15 budget represents the initial budget as allocated by Government at the time of the 2014-15 State Budget.

Net result

The actual Net Result was a positive result of \$65.5m greater than the Statement of Comprehensive Income Net Result budget for the 2014-15 year. A reconciliation of the movements between actual and budgeted Net Result follows:

	\$'000
Employee related expenses under budget by \$5.2m – primarily attributable to higher vacancy and turnover rates than estimated, and lower than budgeted fringe benefits tax expense.	5,179
Other operating expenses under budget by \$2.7m – primarily due to a timing difference in completion of the Private Radio Network and Paging project, which will now be completed in 2015-16.	2,667
Depreciation and amortisation over budget by \$2.8m – primarily resulting from the addition of a higher level of assets over the past few years.	(2,811)
Grants and subsidies under budget by \$12.8m – primarily due to a timing difference in the delivery of fire fighting appliances, brigade stations and fire control centres which will be delivered in future years (\$38.7m); along with a timing difference in the delivery of fire mitigation works (\$11.1m) and completion of the Private Radio Network and Paging project (\$2.2m). This has been partially offset by higher than budgeted expenditure on natural disaster combat operations for which a nominal budget allocation is made in each financial year, with the balance of the expense met by the Crown Disaster Relief Account (\$39.2m).	12,755
Other expenses under budget by \$3.9m - due predominantly to lower than budgeted insurance costs.	3,906
Sale of goods and services over budget by \$0.9m - due to higher than budgeted receipts.	903
Investment revenue over budget by \$1.4m - resulting predominantly from higher than budgeted cash balances held during the year.	1,354
Grants and contributions over budget by \$31.2m – predominantly due to the receipt of grants from the Crown Disaster Relief Account to reimburse the net cost of natural disaster combat operations (\$28.9m) and higher than budgeted other State and Commonwealth Government grants (\$2.3m).	31,226
Acceptance by the Crown Entity of employee benefits under budget by \$0.1m – due to lower than budgeted defined benefit superannuation.	(55)
Other Revenue over budget by \$10.0m – particularly due to higher than budgeted revenue for interstate and overseas deployments (\$3.9) and other agency use of aviation resources (\$4.2m).	10,010
Gain on disposal above budget by \$0.4m – resulting from sale proceeds above expectation	353
Variation from budgeted Net Result	65,487

Assets and liabilities

The actual Net Assets exceeded budget by \$108.9m. The major factors are:

	\$'000
Cash and cash equivalents higher than budget by \$62.0m – primarily due to lower than budget expenditure and higher than budget revenue as described above, and a higher than budgeted opening cash balance.	61,997
Receivables above budget by \$22.7m – predominantly due to outstanding recoups from the Crown Disaster Relief Account for natural disaster combat operations.	22,677
Property, plant and equipment above budget by \$5.5m – mainly attributable to the purchase of a medium utility helicopter and helicopter engines during the year which was approved subsequent to the State budget.	5,475
Intangible assets above budget by \$0.9m – due to additional projects.	890
Payables under budget by \$7.5m - due predominantly to reduced creditors.	7,491
Provisions under budget by \$10.2m – predominantly due to the acceptance of the defined benefit superannuation liability by the Crown (17.0m); partially offset by higher than budgeted long service (\$5.6m) and recreation leave (\$1.0m).	10,241
Other liabilities under budget by \$0.1m – resulting from minor variances.	83
Variation from budgeted Net Assets	108,854

Cash flows

The actual Closing Cash and Cash Equivalents exceeded budget by \$62.0m. The major factors are:

	\$'000
Net cash flows from operating activities higher than budget by \$39.4m – resulting from lower than budget expenditure and higher than budget revenue as described above.	39,369
Net cash flows from investing activities lower than budget by \$6.1m – resulting from lower than budget proceeds from sale of plant and equipment (\$2.9m), and higher than budgeted expenditure on plant and equipment purchases (\$3.2m) which predominantly represents the purchase of a medium utility helicopter approved subsequent to the State budget.	(6,099)
Opening cash and cash equivalents above budget by \$28.7m – represented by additional cash than projected being held at year end in 2013-14.	28,727
Variation from budgeted Closing Cash and Cash Equivalents	61,997

	2015 \$'000	2014 \$'000
18. Reconciliation of Cash Flows from Operating Activities to Net Result		
Net cash from operating activities	18,642	21,520
Depreciation and amortisation	(7,402)	(5,942)
Decrease/(increase) in provisions	16,656	(3,769)
Decrease/(increase) in other liabilities	82	53
Increase/(decrease) in prepayments and other assets	11,642	(455)
Decrease/(increase) in creditors	8,929	175
(Gain)/loss on remeasurement of net defined benefit superannuation liability	-	(1,226)
(Increase)/Decrease in net assets from equity transfers	(19,257)	-
Net gain/(loss) on sale of plant and equipment	353	696
Net result	<u>29,645</u>	<u>11,052</u>

19. Financial Instruments

The Service's principal financial instruments are outlined below. These financial instruments arise directly from the Service's operations or are required to finance the Service's operations. The Service does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Service's main risks arising from financial instruments are outlined below, together with the Service's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Service, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Cash and cash equivalents	6(a)	N/A	67,050	59,390
Receivables ¹	7	Loans and receivables (at amortised cost)	23,133	9,936
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Payables ²	11	Financial liabilities (at amortised cost)	18,751	28,475

Notes

¹ Excludes statutory receivables and prepayments (ie not within the scope of AASB 7)

² Excludes statutory payables and unearned revenue (ie not within the scope of AASB 7)

(b) Credit risk

Credit risk arises when there is the possibility of the Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Service. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Service, including cash, receivables, and authority deposits. No collateral is held by the Service. The Service has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on the Service's daily bank balances at the NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due.

This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014-15: \$4.538m; 2013-14: \$5.201m) and less than 3 months past due (2014-15: \$0.035m; 2013-14: \$1.531m) are not considered impaired. Together, these represent 97% of the total trade debtors.

The only financial assets that are past due or impaired are 'fees for service' in the 'receivables' category of the statement of financial position.

	Total	Past due but not impaired ^{1,2}	Considered Impaired ^{1,2}
	\$'000	\$'000	\$'000
2015			
< 3 months overdue	35	35	-
3 months – 6 months overdue	17	17	-
>6 months overdue	125	98	27
2014			
< 3 months overdue	1,531	1,531	-
3 months – 6 months overdue	522	522	-
>6 months overdue	70	53	17

Notes

¹ Each column in the table reports 'gross receivables'

² The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Service will be unable to meet its payment obligations when they fall due. The Service continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior years, there were no defaults on any loans payable. No assets have been pledged as collateral. The Service's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.36% (2013-14: 10.63%).

The table below summaries the maturity profile of the Service's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
2015								
Payables	Nil	18,751	-	-	18,751	18,751	-	-
		18,751	-	-	18,751	18,751	-	-
2014								
Payables	Nil	28,475	-	-	28,475	28,475	-	-
		28,475	-	-	28,475	28,475	-	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Service has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2015					
<i>Financial assets</i>					
Cash and cash equivalents	67,050	(671)	(671)	671	671
Receivables	23,133	(231)	(231)	231	231
<i>Financial liabilities</i>					
Payables	18,751	188	188	(188)	(188)
2014					
<i>Financial assets</i>					
Cash and cash equivalents	59,390	(594)	(594)	594	594
Receivables	9,936	(99)	(99)	99	99
<i>Financial liabilities</i>					
Payables	28,475	285	285	(285)	(285)

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short term nature of many of the financial instruments.

20. Superannuation – Defined Benefit Plans

(a) NSW Government Defined Benefit Superannuation Schemes

2014-15 Financial Year

The Crown Entity assumed responsibility for the closed NSW public sector superannuation schemes on 1 July 2014. The Service accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'. Refer Notes 1(i)(b) and 14.

2013-14 Financial Year

Fund Information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Superannuation Scheme (SSS)
- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The Schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth *Superannuation Industry (Supervision) Act 1993* (SIS). The SIS legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** – the risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** – the risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** – the risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** – the risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** – the risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

- (i) Reconciliation of the net defined benefit liability / (asset)

A reconciliation of the net defined benefit liability / (asset) as at 30 June 2014 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net defined benefit liability/(asset) at start of the year	2,185	178	17,358	19,721
Current service cost	408	108	319	835
Net interest on the net defined benefit liability/(asset)	76	5	653	734
Past service cost	-	-	-	-
(Gains) / losses arising from settlements	-	-	-	-
Actual return on Fund assets less interest income	(845)	(184)	(2,003)	(3,032)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	531	175	1,748	2,454
Actuarial (gain)/losses arising from liability experience	46	(106)	(587)	(647)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(355)	(108)	(345)	(808)
Net defined benefit liability/(asset) at end of year	2,046	68	17,143	19,257

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(ii) Reconciliation of the fair value of fund assets

A reconciliation of the fair value of fund assets as at 30 June 2014 is as follows:

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	8,329	2,233	22,729	33,291
Interest income	303	81	847	1,231
Actual return on Fund assets less interest income	845	184	2,003	3,032
Employer contributions	355	108	345	808
Contributions by participants	180	-	194	374
Benefits paid	(986)	(298)	(1,267)	(2,551)
Taxes, premiums and expenses paid	20	32	8	60
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	9,046	2,340	24,859	36,245

(iii) Reconciliation of the defined benefit obligations

A reconciliation of the fair value of fund assets as at 30 June 2014 is as follows:

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations at beginning of the year	10,514	2,411	40,087	53,012
Current service costs	408	108	319	835
Interest cost	378	87	1,500	1,965
Contributions by participants	180	-	194	374
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	531	175	1,748	2,454
Actuarial (gains)/losses arising from liability experience	46	(106)	(587)	(647)
Benefits paid	(986)	(298)	(1,267)	(2,551)
Taxes, premiums and expenses paid	20	32	8	60
Transfers in	-	-	-	-
Contributions to accumulations section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	11,091	2,409	42,002	55,502

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(iv) Reconciliation of the effect of the asset ceiling

A reconciliation of the effect of the asset ceiling as at 30 June 2014 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Adjustment for the effect of the asset ceiling at the beginning of the year	-	-	-	-
Change in the effect of the asset ceiling	-	-	-	-
Adjustment for the effect of the asset ceiling at the end of the year	-	-	-	-

(v) Fair value of fund assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Fair value as at 30 June 2014 is as follows:

Asset category	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Short term securities	1,572,615	880,140	-	2,452,755
Australian fixed interest	10,928	2,354,086	-	2,365,014
International fixed interest	-	880,529	-	880,529
Australian equities	11,494,549	241,423	2,664	11,738,636
International equities	8,172,677	2,780,531	121	10,953,329
Property	894,113	692,296	1,686,577	3,272,986
Alternatives	565,401	4,897,152	866,857	6,329,410
	<u>22,710,283</u>	<u>12,726,157</u>	<u>2,556,219</u>	<u>37,992,659</u>

Note: Additional to the assets disclosed above, at 30 June 2014 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving estimated assets totalling around \$40.2 billion.

The percentage invested in each asset class at the reporting date is:

	30 June 2014
Short term securities	6.5%
Australian fixed interest	6.2%
International fixed interest	2.3%
Australian equities	30.9%
International equities	28.8%
Property	8.6%
Alternatives	16.7%
Cash	-
Other	-
Total	<u>100.0%</u>

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; govern, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

(vi) Fair value of the entities own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2014 \$173.9m in NSW government bonds.

(vii) Significant actuarial assumptions at the reporting date

	30 June 2014
Salary increase rate (excluding promotional increases)	
2013-14 to 2014-15	2.27% per annum
2015-16 to 2017-18	2.5% per annum
2018-19 to 2019-23	3.0% per annum
2023-24 onwards	3.5% per annum
Rate of CPI increase	2.5% per annum
Discount rate	3.57% per annum
Pensioner mortality	As per the 2012 Actuarial Investigation of the Pooled Fund

(viii) Sensitivity analysis

The Service's total defined benefit obligation at 30 June 2014 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2014.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenario G and H relate to sensitivity to demographic assumptions.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	55,502	64,299	48,441

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	55,502	58,976	52,357

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	Above rate plus 0.5% pa	Above rate less 0.5% pa
Defined benefit obligation (\$'000)	55,502	56,180	54,856

	Base Case	Scenario G +5% pensioner mortality rate	Scenario F -5% pensioner mortality rate
Defined benefit obligation (\$'000)	55,502	55,036	55,996

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

(ix) Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

(x) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as a 30 June 2012. Contributions rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(a) (Surplus) / Deficit

A summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans* is as follows:

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Accrued benefits*	9,150	1,934	22,268	33,352
Net market value of fund assets	(9,046)	(2,340)	(24,859)	(36,245)
Net (surplus) / deficit	104	(406)	(2,591)	(2,893)

* There is no allowance for contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

(b) Contribution recommendations

Recommended contribution rates for the Service as at 30 June 2014 are:

SASS	SANCS	SSS
Multiple of member contributions	% member salary	Multiple of member contributions
1.9	2.5	1.6

(c) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the fund are:

	30 June 2014
Weighted Average Assumptions	
Expected rate of return on fund assets backing current pension liabilities	8.3% per annum
Expected rate of return on fund assets backing other liabilities	7.3% per annum
Expected salary increase rate (excluding promotional salary increases)	2.7% per annum to 30 June 2018 then 4.0% per annum thereafter
Expected rate of CPI increase	2.5% per annum

(xi) Expected contributions

Expected employer contributions to be paid in the next reporting period are:

	SASS	SANCS	SSS	Total
	Period to	Period to	Period to	Period to
	30 June	30 June	30 June	30 June
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions	342	100	311	753

(xii) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14.1 years.

(b) The Local Government Superannuation Scheme

Fund Information

The Service has a number of employees who are members of the Local Government Superannuation Scheme Pool B (the Scheme) as a result of the transfer of local government employees to the Service.

The Scheme consists of three Divisions. Division B and Division C comprise of both a defined benefit component and a defined contribution component, whilst Division D is a defined benefit scheme. All divisions are closed to new members, except for members of eligible entities who can transfer their entitlements into the Scheme.

The Scheme is deemed to be a "multi-employer defined benefit plan" for the purpose of AASB 119 as:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risk associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

As a result, the Service accounts for the Scheme as a defined contribution plan.

(i) Funding arrangements

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates, which applied to both 2014-15 and 2013-14, are:

- Division B - 1.9 times employee contributions;
- Division C - 2.5% salaries; and
- Division D - 1.64 times employee contributions.

As at 30 June 2009, the Scheme had a deficit of assets to accrued liabilities, and the trustees determined that each pooled employer would contribute an additional lump sum contribution, apportioned according to each employer's share of the accrued liabilities as at 30 June 2009. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2009.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(ii) Liability for other entities obligations

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares the associated gains and losses.

However, there is no relief under the Scheme's trust deed for employers to walk away from their obligations. Under limited circumstances an employer may withdraw from the plan (ie when there are no active members and on full payment of outstanding additional contributions). There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

(iii) Allocation of deficit or surplus

There are no specific provisions under the Scheme's trust deed dealing with a deficit or surplus on wind up of the Scheme.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(iv) Expected contributions

The expected standard employer contributions for the next financial year are \$0.817m (2013-14 \$0.811m) and the expected additional lump sum contribution is \$0.377m (2013-14 \$0.377m).

(v) Deficit or surplus of the Scheme

The estimated employer reserves financial position for the pooled employers is:

	30 June 2015		30 June 2014	
	\$'000	Asset Coverage	\$'000	Asset Coverage
Assets	1,707,430		1,603,600	
Past service liabilities	1,729,460	98.7%	1,726,900	92.9%
Vested benefits	1,761,550	96.9%	1,758,200	91.2%

Note: employer reserves only. Excludes member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits for both 2014-15 and 2013-14 are:

Investment return	7.0% per annum
Salary inflation*	4.0% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however any adjustment to the funding program would be the same for all sponsoring employers in the pooled employers.

The Service has a contingent liability with respect to the deficit in the Scheme which it needs to continue to pay in future periods, however these payments are not recognised in the accounts as the amount cannot be reliably measured.

NSW RURAL FIRE SERVICE

Notes to the financial statements for the year ended 30 June 2015

(vi) Participation in the Scheme

The Service is estimated to represent 0.77% (2013-14 0.79%) of the Scheme at 30 June 2015 based on the Service's additional lump sum contributions per annum as a percentage of the total additional lump sum contributions for all pooled employers.

21. Events after the Reporting Period

There are no events which occurred after the reporting period which affect the financial statements.

End of audited financial statements



INDEPENDENT AUDITOR'S REPORT

Bush Fire Co-ordinating Committee

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Bush Fire Co-ordinating Committee (the Committee), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

My opinion should be read in conjunction with the rest of this report.

The Committee's Responsibility for the Financial Statements

The members of the Committee are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Committee
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



David Nolan
Director, Financial Audit Services

21 September 2015
SYDNEY



Please Address Correspondence to:
The Executive Officer
Bush Fire Co-ordinating Committee
NSW Rural Fire Service
Locked Mail Bag 17
GRANVILLE NSW 2142

BUSH FIRE CO-ORDINATING COMMITTEE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Statement by the Chairman

Pursuant to section 41C of the Public Finance and Audit Act 1983 I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2015 and the Treasurer's Directions;
- (b) The financial statements exhibit a true and fair view of the financial position and financial performance of the Committee for the year ended 30 June 2015; and
- (c) At the date of this statement there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Shane Fitzsimmons AFSM
Chairman

21 September 2015

Statement of comprehensive income for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses			
Personnel services	2	25	24
TOTAL EXPENSES EXCLUDING LOSSES		25	24
Revenue			
Grants and contributions	2	25	24
Total Revenue		25	24
Net Result		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Total Assets		-	-
Total Liabilities		-	-
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Balance at 1 July		-	-
Net result for the year		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		-	-
Balance at 30 June		-	-

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided / (used) from operating activities		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided / (used) from investing		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided / (used) from financing activities		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH			
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Bush Fire Co-ordinating Committee is a corporation constituted under section 46 of the *Rural Fires Act 1997*. The Committee is the peak planning body for bush fire management in New South Wales.

The Committee is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating activities.

The financial statements for the period ended 30 June 2015 have been authorised for issue by the Bush Fire Co-ordinating Committee on 21 September 2015.

(b) Basis of Preparation

The Committee's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.

Financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Revenue (in the form of a grant from the NSW Rural Fire Service) is recognised as income when the Committee gains control over the assets comprising the grant / contribution.

(e) Administrative Support

The NSW Rural Fire Service provides miscellaneous goods and services as administrative support to the Committee at no charge. The value of this minor administrative support is not material.

(f) Personnel Services

Committee members are engaged and remunerated by the NSW Rural Fire Service and their services are provided to the Committee for a fee, which includes a component for relevant on-costs.

(g) Equity and Reserves

The Committee does not hold its own insurance coverage as it does not have any employees, hold any assets or have any potential liability exposure.

BUSH FIRE CO-ORDINATING COMMITTEE

Notes to the financial statements for the year ended 30 June 2015

(h) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(i) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. At the reporting date there are a number of new Accounting Standards that have not been applied and are not yet effective. The initial application of these standards will have no known material impact on the financial performance or position.

	2015 \$'000	2014 \$'000
2. Revenue and Expenses		
Revenue		
Grants from the NSW Rural Fire Service	25	24
	<u>25</u>	<u>24</u>
Expenses		
Personnel services provided by the NSW Rural Fire Service	25	24
	<u>25</u>	<u>24</u>

3. Contingent Assets and Contingent Liabilities

As at 30 June 2015 the Committee had no contingent assets or contingent liabilities (Nil in 2013-14).

4. Financial Instruments

The Committee does not hold any financial instruments.

5. Events after the Reporting Period

There are no events which occurred after the reporting period which affect the financial statements.

End of audited financial statements