



NSW RURAL FIRE SERVICE



# ANNUAL REPORT 2012/13

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FRONT PAGE: Todd Gibson (Heathcote Brigade) and Steve Franks (Heathcote) in the background) at a Hazard Reduction burn in Engadine, May 2013. Photo by Sharon Quandt

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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 2013, the statement of comprehensive income, statement of changes in equity and 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 2013, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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 the preparation of the 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 that 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 the 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 Service'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 Service's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, 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 has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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
- about the assumptions used in formulating the budget figures disclosed in 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

23 September 2013  
SYDNEY

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## NSW RURAL FIRE SERVICE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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 2010 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 2013; 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.

A handwritten signature in blue ink, appearing to read 'S Fitzsimmons', enclosed in a blue oval.

Shane Fitzsimmons AFSM  
**Commissioner**

17 September 2013

**Statement of comprehensive income for the period ended 30 June 2013**

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2(a)	91,213	92,512	95,054
Other operating expenses	2(b)	42,519	31,555	33,996
Depreciation and amortisation	2(c)	4,773	4,600	4,332
Grants and subsidies	2(d)	221,042	169,112	138,792
Other expenses	2(e)	14,563	5,349	14,597
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<b>374,110</b>	<b>303,128</b>	<b>286,771</b>
<b>Revenue</b>				
Sale of goods and services	3(a)	250	417	170
Grants and contributions	3(b)	356,651	269,814	284,171
Other revenue	3(c)	13,641	7,970	13,062
<b>Total Revenue</b>		<b>370,542</b>	<b>278,201</b>	<b>297,403</b>
<b>Gain / (loss) on disposal</b>	4	<b>(53)</b>	<b>-</b>	<b>214</b>
<b>Net Result</b>		<b>(3,621)</b>	<b>(24,927)</b>	<b>10,846</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Superannuation actuarial gains / (losses)	19(e)	5,258	-	(14,663)
<b>Total other comprehensive income</b>		<b>5,258</b>	<b>-</b>	<b>(14,663)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,637</b>	<b>(24,927)</b>	<b>(3,817)</b>

The accompanying notes form part of these financial statements.



**Statement of financial position as at 30 June 2013**

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>ASSETS</b>				
Cash and cash equivalents	6(a)	50,702	14,208	58,228
Receivables	7	15,362	5,226	3,244
<b>Total Current Assets</b>		<b>66,064</b>	<b>19,434</b>	<b>61,472</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	8			
- Land and buildings		779	1,510	1,336
- Plant and equipment		17,492	12,965	14,670
- Infrastructure systems		1,701	981	1,589
Total property, plant and equipment		19,972	15,456	17,595
Intangible assets	9	1,201	-	521
<b>Total Non-Current Assets</b>		<b>21,173</b>	<b>15,456</b>	<b>18,116</b>
<b>Total Assets</b>		<b>87,237</b>	<b>34,890</b>	<b>79,588</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	30,739	15,070	17,977
Provisions	12	25,011	22,496	26,208
Other	13	76	-	-
<b>Total Current Liabilities</b>		<b>55,826</b>	<b>37,566</b>	<b>44,185</b>
<b>Non-Current Liabilities</b>				
Provisions	12	17,932	9,919	24,044
Other	13	483	-	-
<b>Total Non-Current Liabilities</b>		<b>18,415</b>	<b>9,919</b>	<b>24,044</b>
<b>Total Liabilities</b>		<b>74,241</b>	<b>47,485</b>	<b>68,229</b>
<b>Net Assets</b>		<b>12,996</b>	<b>(12,595)</b>	<b>11,359</b>
<b>EQUITY</b>				
Accumulated funds		12,996	(12,595)	11,359
<b>Total Equity</b>		<b>12,996</b>	<b>(12,595)</b>	<b>11,359</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the period ended 30 June 2013

	Notes	Accumulated Funds \$'000	Total \$'000
<b>Balance at 1 July 2012</b>		<b>11,359</b>	<b>11,359</b>
<b>Net result for the year</b>		<b>(3,621)</b>	<b>(3,621)</b>
<b>Other comprehensive income:</b>			
Superannuation actuarial gains / (losses)	19(e)	5,258	5,258
<b>Total other comprehensive income</b>		<b>5,258</b>	<b>5,258</b>
<b>Total comprehensive income for the year</b>		<b>1,637</b>	<b>1,637</b>
<b>Transactions with owners in their capacity as owners</b>			
Increase / (decrease) in net assets from equity transfers		-	-
<b>Balance at 30 June 2013</b>		<b>12,996</b>	<b>12,996</b>
<b>Balance at 1 July 2011</b>		<b>15,176</b>	<b>15,176</b>
<b>Net result for the year</b>		<b>10,846</b>	<b>10,846</b>
<b>Other comprehensive income:</b>			
Superannuation actuarial gains / (losses)	19(e)	(14,663)	(14,663)
<b>Total other comprehensive income</b>		<b>(14,663)</b>	<b>(14,663)</b>
<b>Total comprehensive income for the year</b>		<b>(3,817)</b>	<b>(3,817)</b>
<b>Transactions with owners in their capacity as owners</b>			
Increase / (decrease) in net assets from equity transfers		-	-
<b>Balance at 30 June 2012</b>		<b>11,359</b>	<b>11,359</b>

The accompanying notes form part of these financial statements.

**Statement of cash flows for the period ended 30 June 2013**

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(96,685)	(92,512)	(91,944)
Grants and subsidies		(221,043)	(112,373)	(138,792)
Other		(62,016)	(99,543)	(57,550)
<b>Total Payments</b>		<b>(379,744)</b>	<b>(304,428)</b>	<b>(288,286)</b>
<b>Receipts</b>				
Sale of goods and services		250	417	170
Grants and contributions		351,441	269,788	284,414
GST receipts		19,534	6,550	12,697
Other		8,875	7,996	14,684
<b>Total Receipts</b>		<b>380,100</b>	<b>284,751</b>	<b>311,965</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	17	<b>356</b>	<b>(19,677)</b>	<b>23,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of plant and equipment		1,831	4,980	2,711
Purchases of plant and equipment		(9,713)	(9,863)	(7,857)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(7,882)</b>	<b>(4,883)</b>	<b>(5,146)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net cash provided / (used) from financing activities		-	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>(7,526)</b>	<b>(24,560)</b>	<b>18,533</b>
Opening cash and cash equivalents		58,228	38,768	39,695
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6(a)	<b>50,702</b>	<b>14,208</b>	<b>58,228</b>

The accompanying notes form part of these financial statements.

## Supplementary Financial Statements

## Service group statements for the period ended 30 June 2013

RURAL FIRE SERVICE'S EXPENSES & INCOME	Service Group 1*		Service Group 2*		Service Group 3*		Not Attributable		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Expenses excluding losses</b>										
Operating expenses										
• Employee related	4,840	4,734	70,451	69,471	15,922	20,849	-	-	91,213	95,054
• Other operating expenses	4,516	4,430	15,034	15,508	22,969	14,058	-	-	42,519	33,996
Depreciation and amortisation	37	57	3,208	3,046	1,528	1,229	-	-	4,773	4,332
Grants and subsidies	370	332	128,875	118,806	91,797	19,654	-	-	221,042	138,792
Other expenses	-	-	9,117	7,984	5,446	6,613	-	-	14,563	14,597
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>	<b>9,763</b>	<b>9,553</b>	<b>226,685</b>	<b>214,815</b>	<b>137,662</b>	<b>62,403</b>	<b>-</b>	<b>-</b>	<b>374,110</b>	<b>286,771</b>
<b>Revenue **</b>										
Sale of goods and services	250	120	-	50	-	-	-	-	250	170
Grants and contributions	-	-	97,743	114,888	258,908	169,283	-	-	356,651	284,171
Other revenue	516	327	10,283	6,324	2,842	6,411	-	-	13,641	13,062
<b>Total Revenue</b>	<b>766</b>	<b>447</b>	<b>108,026</b>	<b>121,262</b>	<b>261,750</b>	<b>175,694</b>	<b>-</b>	<b>-</b>	<b>370,542</b>	<b>297,403</b>
Gain / (loss) on disposal	4	3	(17)	187	(40)	24	-	-	(53)	214
<b>Net result</b>	<b>(8,993)</b>	<b>(9,103)</b>	<b>(118,676)</b>	<b>(93,366)</b>	<b>124,048</b>	<b>113,315</b>	<b>-</b>	<b>-</b>	<b>(3,621)</b>	<b>10,846</b>
<b>Other Comprehensive Income</b>										
Superannuation actuarial gains / (losses)	-	-	-	-	-	-	5,258	(14,663)	5,258	(14,663)
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,258</b>	<b>(14,663)</b>	<b>5,528</b>	<b>(14,663)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(8,993)</b>	<b>(9,103)</b>	<b>(118,676)</b>	<b>(93,366)</b>	<b>124,048</b>	<b>113,315</b>	<b>5,258</b>	<b>(14,663)</b>	<b>1,637</b>	<b>(3,817)</b>

\* The names and purposes of each service group are summarised in Note 5.

\*\* Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups.

**Supplementary Financial Statements**  
**Service group statements (continued)**

RURAL FIRE SERVICE'S ASSET & LIABILITIES	Service Group 1*		Service Group 2*		Service Group 3*		Not Attributable		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>										
Cash and cash equivalents	-	-	-	-	-	-	50,702	58,228	50,702	58,228
Receivables	-	-	2,580	1,971	12,782	1,273	-	-	15,362	3,244
<b>Total Current Assets</b>	-	-	<b>2,580</b>	<b>1,971</b>	<b>12,782</b>	<b>1,273</b>	<b>50,702</b>	<b>58,228</b>	<b>66,064</b>	<b>61,472</b>
<b>Non-Current Assets</b>										
Property, plant and equipment	78	80	15,982	14,228	3,912	3,287	-	-	19,972	17,595
Intangibles	-	-	334	-	867	521	-	-	1,201	521
<b>Total Non-Current Assets</b>	<b>78</b>	<b>80</b>	<b>16,316</b>	<b>14,228</b>	<b>4,779</b>	<b>3,808</b>	-	-	<b>21,173</b>	<b>18,116</b>
<b>TOTAL ASSETS</b>	<b>78</b>	<b>80</b>	<b>18,896</b>	<b>16,199</b>	<b>17,561</b>	<b>5,081</b>	<b>50,702</b>	<b>58,228</b>	<b>87,237</b>	<b>79,588</b>
<b>Current Liabilities</b>										
Payables	-	-	22,463	8,493	8,276	9,484	-	-	30,739	17,977
Provisions	-	-	-	-	25,011	26,208	-	-	25,011	26,208
Other	-	-	-	-	76	-	-	-	76	-
<b>Total Current Liabilities</b>	-	-	<b>22,463</b>	<b>8,493</b>	<b>33,363</b>	<b>35,692</b>	-	-	<b>55,826</b>	<b>44,185</b>
<b>Non-Current Liabilities</b>										
Provisions	-	-	-	-	17,932	24,044	-	-	17,932	24,044
Other	-	-	-	-	483	-	-	-	483	-
<b>Total Non-Current Liabilities</b>	-	-	-	-	<b>18,415</b>	<b>24,044</b>	-	-	<b>18,415</b>	<b>24,044</b>
<b>TOTAL LIABILITIES</b>	-	-	<b>22,463</b>	<b>8,493</b>	<b>51,778</b>	<b>59,736</b>	-	-	<b>74,241</b>	<b>68,229</b>
<b>NET ASSETS</b>	<b>78</b>	<b>80</b>	<b>(3,567)</b>	<b>7,706</b>	<b>(34,217)</b>	<b>(54,655)</b>	<b>50,702</b>	<b>58,228</b>	<b>12,996</b>	<b>11,359</b>

\* The names and purposes of each service group are summarised in Note 5.

## 1. Summary of Significant Accounting Policies

### (a) Reporting Entity

The NSW Rural Fire Service is a NSW government entity. The NSW Rural Fire 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 period ended 30 June 2013 have been authorised for issue by the Commissioner on 17 September 2013.

### (b) Basis of Preparation

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

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

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) Grants and Contributions

Grants and contributions from other bodies (including grants and donations) are generally recognised as income when the Service obtains control over the assets comprising the grants / contributions. Grants and 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.

Appropriations and 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.

## (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 retained by NSW Treasury and therefore not recognised in the financial statements.

## (h) Assets

## (i) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Service. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

## (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.

## (iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement costs. This means that, where an asset already measured at fair value, the impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

## (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 materially 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 – 4 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 benefits.

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.

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 a period of three years for software.

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 Support 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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within twelve months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 3.76% are used to discount long-term 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.

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

(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 the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(j) Equity and Reserves

Accumulated funds include all current and prior period retained funds.

## (k) 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.

## (l) Budgeted Amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

## (m) Centralised Billing and Collecting Services (Ministry for Police and Emergency 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.

## (n) 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.

## (o) 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.

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

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman convergence – Reduced Disclosure Requirements
- AASB 2011-4 removing individual Key Management Personnel disclosure requirements

- AASB 2011-6 regarding Reduced Disclosure Requirements and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – Reduced Disclosure Requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements cycle
- AASB 2012-7 regarding Reduced Disclosure Requirements
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

With the exception of the application of AASB 119 *Employee Benefits*, the initial application of these Standards will have no known material impact on the financial performance or position.

The application of AASB 119 *Employee Benefits* is expected to have a material impact on the financial position of the Rural Fire Service due the impact on the closed NSW public sector defined benefit superannuation schemes. In the absence of information from the actuary for the Funds' administrator, the impact is unable to be quantified.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. Expenses Excluding Losses</b>		
(a) Employee related expenses		
Salaries and wages (including recreation leave)	77,953	80,250
Superannuation – defined benefit plans*	799	1,132
Superannuation – defined contribution plans*	5,611	5,696
Long service leave	665	2,195
Workers' compensation insurance	1,127	790
Payroll tax	4,892	4,705
Fringe benefit tax	166	286
	<u>91,213</u>	<u>95,054</u>

\* Refer Note 19. Superannuation actuarial gain of \$5.258m in 2012/13 (\$14.663m loss in 2011/12) is recognised as other comprehensive income.

	2013 \$'000	2012 \$'000
(b) Other operating expenses include the following:		
Advertising	2,426	1,692
Audit Fees – Internal	275	534
Auditor's remuneration		
- audit of financial statements	126	120
Buildings - all outgoings	1,095	1,242
Computer software	887	889
Consultants	126	125
Consumables	297	369
Contractors	3,043	3,283
Electricity	562	464
Equipment – Computer	2,707	2,110
Equipment – General	4,005	1,248
Fees for service	5,365	3,643
Legal Fees	443	550
Maintenance *	372	195
Operating lease rental expense		
- minimum lease payments	4,721	4,118
Other Expenses	4,903	4,323
Printing and stationery	1,121	642
Staff training	876	877
Telephony	2,977	1,575
Travel	2,599	2,897
Vehicle operation	3,593	3,100
	<u>42,519</u>	<u>33,996</u>
<i>*Reconciliation – Total maintenance</i>		
Maintenance expense – contracted labour and other (non-employee related), as above	372	195
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	<u>372</u>	<u>195</u>
(c) Depreciation and amortisation expense		
Depreciation		
Infrastructure systems	612	446
Plant and equipment	3,322	3,241
Land and buildings	557	534
	<u>4,491</u>	<u>4,221</u>
Amortisation		
Intangibles	282	111
	<u>4,773</u>	<u>4,332</u>

NSW RURAL FIRE SERVICE

Notes to the financial statements for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
(d) Grants and subsidies		
Fire mitigation works	10,226	6,507
Payments for Council costs associated with rural fire fighting activities and equipment	108,612	109,519
Emergency fund – natural disasters	96,361	20,677
Other	5,843	2,089
	<u>221,042</u>	<u>138,792</u>
(e) Other expenses		
Workers' compensation insurance – volunteers	2,000	3,000
Public liability and other insurance	7,245	7,227
Aerial support	5,318	4,370
	<u>14,563</u>	<u>14,597</u>

### 3. Revenue

(a) Sale of goods and services		
Rendering of services	250	170
	<u>250</u>	<u>170</u>
(b) Grants and contributions		
Insurance company contributions	193,986	213,808
Local Government contributions	31,284	31,795
Natural disaster relief contributions *	87,729	11,221
Other Commonwealth and State Government grants	5,145	1,926
Department of Attorney General and Justice grants:		
Recurrent grant	37,953	25,378
Capital grant	554	43
	<u>356,651</u>	<u>284,171</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.

	2013 \$'000	2012 \$'000
(c) Other Revenue		
Sale of equipment	588	1,128
Comcover – protection of Commonwealth property	354	516
Business development – overseas training	5	272
Salary recoups (including interstate assistance)	1,998	235
Aviation – use of contract by other agencies	6,772	4,155
TMF hindsight premium receipts	96	156
Workers' compensation receipts	143	863
Insurance claims proceeds	2,097	719
Development applications	385	431
Other	1,203	4,587
	<u>13,641</u>	<u>13,062</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 \$0.588m in 2012/13 (\$1.128m in 2011/12).

#### 4. Gain / (Loss) on Disposal

Gain / (Loss) on disposal of plant and equipment		
Proceeds from disposal	1,831	2,711
Written down value of assets disposed	(1,884)	(2,497)
	<u>(53)</u>	<u>214</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.

	2013 \$'000	2012 \$'000
<b>6. Current Assets – Cash and Cash Equivalents</b>		
(a) Cash		
Cash at bank and on hand	50,702	58,228
	<u>50,702</u>	<u>58,228</u>

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)	50,702	58,228
Closing cash and cash equivalents (per statement of cash flows)	<u>50,702</u>	<u>58,228</u>

Refer to Note 18 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 \$30m.

**7. Current Assets – Receivables**

Fees for service	5,669	202
Less: Allowance for impairment	(5)	(19)
Other receivables	5,681	4
GST receivable	2,580	1,971
Prepayments	1,437	1,086
	<u>15,362</u>	<u>3,244</u>

Movement in allowance for impairment

Balance at 1 July	19	84
Amounts written off during the year	(17)	(84)
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	3	19
Balance at 30 June	<u>5</u>	<u>19</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.



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

	<b>Land and Buildings \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Infrastructure Systems \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2012 – fair value</b>				
Gross carrying amount	5,146	21,666	3,920	30,732
Accumulated depreciation and impairment	(3,810)	(6,996)	(2,331)	(13,137)
Net carrying amount	1,336	14,670	1,589	17,595
<b>At 30 June 2013 – fair value</b>				
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	779	17,492	1,701	19,972

**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:

	<b>Land and Buildings \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Infrastructure Systems \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 June 2013</b>				
Net carrying amount at start of year	1,336	14,670	1,589	17,595
Additions	-	8,030	724	8,754
Disposals	-	(1,884)	-	(1,884)
Depreciation expense	(557)	(3,322)	(612)	(4,491)
Prior year adjustment	-	(2)	-	(2)
Net carrying amount at end of year	779	17,492	1,701	19,972
<b>At 1 July 2011 – fair value</b>				
Gross carrying amount	4,931	19,722	2,818	27,471
Accumulated depreciation and impairment	(3,276)	(5,519)	(1,744)	(10,539)
Net carrying amount	1,655	14,203	1,074	16,932
<b>At 30 June 2012 – fair value</b>				
Gross carrying amount	5,146	21,666	3,920	30,732
Accumulated depreciation and impairment	(3,810)	(6,996)	(2,331)	(13,137)
Net carrying amount	1,336	14,670	1,589	17,595

**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:

	<b>Land and Buildings \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Infrastructure Systems \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 June 2012</b>				
Net carrying amount at start of year	1,655	14,203	1,074	16,932
Additions	216	6,187	962	7,365
Disposals	-	(2,591)	(1)	(2,592)
Depreciation expense	(535)	(3,240)	(446)	(4,221)
Prior year adjustment	-	111	-	111
Net carrying amount at end of year	<u>1,336</u>	<u>14,670</u>	<u>1,589</u>	<u>17,595</u>

**9. Intangible Assets**

	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2012</b>		
Cost (gross carrying amount)	1,926	1,926
Accumulated amortisation and impairment	(1,405)	(1,405)
Net carrying amount	<u>521</u>	<u>521</u>
<b>At 30 June 2013</b>		
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>
<b>Year ended 30 June 2013</b>		
Net carrying amount at start of year	521	521
Additions (acquired separately)	962	962
Disposals	-	-
Amortisation (recognised in 'depreciation and amortisation')	(282)	(282)
Net carrying amount at end of year	<u>1,201</u>	<u>1,201</u>

	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2011</b>		
Cost (gross carrying amount)	1,473	1,473
Accumulated amortisation and impairment	(1,316)	(1,316)
Net carrying amount	<u>157</u>	<u>157</u>
<b>At 30 June 2012</b>		
Cost (gross carrying amount)	1,926	1,926
Accumulated amortisation and impairment	(1,405)	(1,405)
Net carrying amount	<u>521</u>	<u>521</u>
<b>Year ended 30 June 2012</b>		
Net carrying amount at start of year	157	157
Additions (acquired separately)	481	481
Disposals	(6)	(6)
Amortisation (recognised in 'depreciation and amortisation')	(111)	(111)
Net carrying amount at end of year	<u>521</u>	<u>521</u>
	<b>2013 \$'000</b>	<b>2012 \$'000</b>

## 10. Restricted Assets

Cash held as part of the ICT Reinvestment Pool	488	487
	<u>488</u>	<u>487</u>

The Service 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	2,175	2,253
Creditors	28,564	15,724
	<u>30,739</u>	<u>17,977</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

	2013 \$'000	2012 \$'000
<b>12. Current / Non-Current Liabilities - Provisions</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	8,772	9,837
Long service leave	17,173	17,172
Unfunded superannuation (refer Note 19)	16,993	23,155
Provisions for Fringe Benefits Tax	5	88
	<u>42,943</u>	<u>50,252</u>
<b>Other provisions</b>	-	-
<b>Total provisions</b>	<u><b>42,943</b></u>	<u><b>50,252</b></u>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	25,011	26,208
Provisions – non-current	17,932	24,044
Accrued salaries, wages and on-costs (Note 11)	2,175	2,253
	<u>45,118</u>	<u>52,505</u>
<b>13. Current / Non-Current Liabilities – Other</b>		
Lease incentive	559	-
	<u>559</u>	<u>-</u>
<b>14. Commitments for Expenditure</b>		
(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	1,133	-
Later than one year and not later than five years	-	-
Later than five year	-	-
Total (including GST)	<u>1,133</u>	<u>-</u>
Capital commitments include income tax credits of \$0.103m in 2012/13 (2011/12 \$Nil) that are expected to be recovered from the Australian Taxation Office.		

	2013 \$'000	2012 \$'000
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	5,669	5,137
Later than one year and not later than five years	10,592	11,372
Later than five year	3,798	3,603
Total (including GST)	<u>20,059</u>	<u>20,112</u>

Operating lease commitments include income tax credits of \$1.824m in 2012/13 (\$1.828m in 2011/12) 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.

## 15. 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 19(l).

### Contingent assets

The Service has no contingent assets.

## 16. Budget Review

### Net result

The Net Result of the Service was \$21.3m better than budget for the reporting period.

Major reasons for this variation were:

- Grants and subsidies expenses and grants and contributions revenue were both significantly impacted by natural disaster response in the reporting period. Expenses are incurred by the Service which are reimbursed from the NSW Government Disaster Response Account where the expenses exceed the Service's allocated budget and meet defined criteria. These costs and reimbursements were \$87.7m in the reporting period (refer Note 3(b));
- Under-expenditure of employee related expenses resulting from better than expected performance on long service leave and superannuation;
- Under-expenditure on the Private Radio Network and Paging project due to delays outside of the Service's control. The project will be completed in future periods and funds have been approved to be carried forward;
- Delays in the completion of fire fighting infrastructure by Local Councils which will be completed in future periods; and
- Higher than anticipated revenue, including for recoup of salary expenses and other agencies use of the Service's aerial resources.

**Assets and liabilities**

The Service's Net Assets were \$25.6m higher than budget for the reporting period.

Major reasons for improvements in the asset position were:

- An improved cash and receivables position resulting from under-expenditure and improved revenue referred to above, along with a higher level of creditors at the end of the reporting period meaning that higher levels of cash were held at period end;
- Additional expenditure on non-current assets compared to the budget, although this expenditure was in line with the capital program, and the variance to budget largely results from the budget having been based on forecast opening balances which differed to those actually experienced.

This was partly offset by a higher than budgeted liabilities position consisting of:

- A higher than expected level of creditors, which is offset by a higher than budget level of cash; and
- Higher than expected provisions for employee entitlements which result from the budget having been based on a forecast end of period position for 2012 rather than the actual result which saw significant increases in employee entitlement due to actuarial losses on superannuation.

**Cash flows**

The Service's cash position was \$36.5m higher than budget due to:

- A change in the opening cash position compared to budget of \$19.4m; and
- Under-expenditure and improved revenue referred to above.

## 17. Reconciliation of Cash Flows from Operating Activities to Net Result

	2013 \$'000	2012 \$'000
Net cash used on operating activities	356	23,679
Depreciation	(4,773)	(4,332)
Decrease / (increase) in provisions	7,309	(17,837)
Decrease / (increase) in other liabilities	(559)	-
Increase / (decrease) in prepayments and other assets	12,118	(1,983)
Decrease / (increase) in creditors	(12,761)	(3,558)
Superannuation actuarial loss / (gain)	(5,258)	14,663
Net gain / (loss) on sale of plant and equipment	(53)	214
Net result	<u>(3,621)</u>	<u>10,846</u>

**18. 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.

## (a) Financial instrument categories

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
			<b>2013</b>	<b>2012</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Class:</b>				
Cash and cash equivalents	6(a)	N/A	50,702	58,228
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	11,001	187
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
			<b>2013</b>	<b>2012</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Class:</b>				
Payables <sup>2</sup>	11	Financial liabilities (at amortised cost)	28,564	15,724

*Notes*

<sup>1</sup>. Excludes statutory receivables and prepayments (ie not within the scope of AASB 7)

<sup>2</sup>. 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 earned on the Service's cash is retained by 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 (2012/13: \$0.553m; 2011/12: \$0.056m) and less than 6 months past due (2012/13: \$4.737m; 2011/12: \$0.094m) are not considered impaired. Together, these represent 93% of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total	Past due but not impaired <sup>1,2</sup>	Considered Impaired <sup>1,2</sup>
	\$'000	\$'000	\$'000
<b>2013</b>			
< 3 months overdue	4,737	4,737	-
3 months – 6 months overdue	372	372	-
>6 months overdue	7	2	5
<b>2012</b>			
< 3 months overdue	94	94	-
3 months – 6 months overdue	17	17	-
>6 months overdue	35	35	-

*Notes*

<sup>1</sup> Each column in the table reports 'gross receivables'

<sup>2</sup> The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are no 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 10.95% (2011/12: 12.37%).

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	Interest Rate Exposure			Maturity Dates			
		Nominal Amount <sup>1</sup> \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2013</b>								
Payables	Nil	28,564	-	-	28,564	28,564	-	-
		28,564	-	-	28,564	28,564	-	-
<b>2012</b>								
Payables	Nil	15,724	-	-	15,724	15,724	-	-
		15,724	-	-	15,724	15,724	-	-

*Notes:*

<sup>1</sup> 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 2012. 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.

	<b>Carrying Amount</b>	<b>-1%</b>		<b>1%</b>	
	<b>\$'000</b>	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2013</b>					
<i>Financial assets</i>					
Cash and cash equivalents	50,702	(507)	(507)	507	507
Receivables	11,001	(110)	(110)	110	110
<i>Financial liabilities</i>					
Payables	28,564	286	286	(286)	(286)
<b>2012</b>					
<i>Financial assets</i>					
Cash and cash equivalents	58,228	(582)	(582)	582	582
Receivables	187	(2)	(2)	2	2
<i>Financial liabilities</i>					
Payables	15,724	157	157	(157)	(157)

## (e) Fair value compared to carrying amount

Financial instruments are generally recognized 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.

## 19. Superannuation – Defined Benefit Plans

### 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. All the schemes are closed to new members.

#### (a) Reconciliation of the present value of the defined benefit obligation

A reconciliation of the present value of the defined benefit obligation for the period ended 30 June 2013 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of partly funded defined benefit obligations at the beginning of the year	10,652	2,667	39,409	52,728
Current service cost	397	106	154	657
Interest cost	309	76	1,189	1,574
Contributions by fund participants	189	-	203	392
Actuarial (gains) / losses	(320)	(270)	(2,297)	(2,887)
Benefits paid	(995)	(178)	(1,007)	(2,180)
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>10,232</b>	<b>2,401</b>	<b>37,651</b>	<b>50,284</b>

Comparative information for the period ended 30 June 2012 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of partly funded defined benefit obligations at the beginning of the year	10,203	2,608	27,857	40,668
Current service cost	389	120	198	707
Interest cost	523	132	1,450	2,105
Contributions by fund participants	204	-	213	417
Actuarial (gains) / losses	960	288	10,544	11,792
Benefits paid	(1,627)	(481)	(853)	(2,961)
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>10,652</b>	<b>2,667</b>	<b>39,409</b>	<b>52,728</b>

## (b) Reconciliation of the fair value of fund assets

A reconciliation of the fair value of the fund assets for the period ended 30 June 2013 is as follows:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of fund assets at beginning of the year	7,807	1,999	19,768	29,574
Expected return on fund assets	635	159	1,665	2,459
Actuarial gains / (losses)	378	161	1,831	2,370
Employer contributions	315	92	269	676
Contributions by fund participants	189	-	203	392
Benefits paid	(995)	(178)	(1,007)	(2,180)
<b>Fair value of fund assets at end of the year</b>	<b>8,329</b>	<b>2,233</b>	<b>22,729</b>	<b>33,291</b>

Comparative information for the period ended 30 June 2012 is as follows:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of fund assets at beginning of the year	9,008	2,374	20,116	31,498
Expected return on fund assets	764	200	1,711	2,675
Actuarial gains / (losses)	(917)	(202)	(1,753)	(2,872)
Employer contributions	374	108	334	816
Contributions by fund participants	205	-	213	418
Benefits paid	(1,627)	(481)	(853)	(2,961)
<b>Fair value of fund assets at end of the year</b>	<b>7,807</b>	<b>1,999</b>	<b>19,768</b>	<b>29,574</b>

## (c) Reconciliation of assets and liabilities recognised in the statement of financial position

A summary of the assets and liabilities recognised in the statement of financial position as at 30 June 2013 is as follows:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of partly funded defined benefit obligations	10,232	2,401	37,651	50,284
Fair value of fund assets at end of year	(8,329)	(2,233)	(22,729)	(33,291)
<b>Net liability / (asset)</b>	<b>1,903</b>	<b>168</b>	<b>14,922</b>	<b>16,993</b>

Comparative information as at 30 June 2012 is as follows:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of partly funded defined benefit obligations	10,652	2,667	39,409	52,728
Fair value of fund assets at end of year	(7,807)	(1,998)	(19,768)	(29,573)
<b>Net liability / (asset)</b>	<b>2,845</b>	<b>669</b>	<b>19,641</b>	<b>23,155</b>

## (d) Expense recognised in income statement

A reconciliation of the expense recognised in the income statement for the period ended 30 June 2013 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
<b>Components recognised in income statement</b>				
Current service cost	397	106	154	657
Interest cost	308	76	1,189	1,573
Expected return on fund assets (net of expenses)	(635)	(159)	(1,665)	(2,459)
<b>Expense / (income) recognised</b>	<b>70</b>	<b>23</b>	<b>(322)</b>	<b>(229)</b>

Comparative information for the period ended 30 June 2012 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
<b>Components recognised in income statement</b>				
Current service cost	389	120	198	707
Interest cost	522	132	1,450	2,104
Expected return on fund assets (net of expenses)	(764)	(200)	(1,710)	(2,674)
<b>Expense / (income) recognised</b>	<b>147</b>	<b>52</b>	<b>(62)</b>	<b>137</b>

## (e) Amounts recognised in other comprehensive income

A reconciliation of the amount recognised in other comprehensive income for the period ended 30 June 2013 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actuarial (gains) / losses	(698)	(432)	(4,128)	(5,258)
Adjustment for limit on net assets	-	-	-	-

Comparative information for the period ended 30 June 2012 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actuarial (gains) / losses	1,877	490	12,296	14,663
Adjustment for limit on net assets	-	-	-	-

## (f) Cumulative amount recognised in other comprehensive income

A reconciliation of the cumulative amount recognised in other comprehensive income as at 30 June 2013 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actuarial (gains) / losses	2,777	505	16,418	19,700
Adjustment for limit on net assets	-	-	-	-

Comparative information as at 30 June 2012 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actuarial (gains) / losses	3,475	937	20,546	24,958
Adjustment for limit on net assets	-	-	-	-

## (g) Actual return on fund assets

A summary of the actual return on fund assets for the period ended 30 June 2013 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actual return on fund assets	1,255	321	3,357	4,933

Comparative information for the period ended 30 June 2012 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Actual return on fund assets	(13)	(2)	53	38

Details of the valuation method and principal actuarial assumptions as at the reporting date are as follows:

## (i) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

## (ii) Economic assumptions

	30 June 2013	30 June 2012
Salary increase rate (excluding promotional increases)		2.50%
2013/14 to 2014/15	2.25%	
2015/16 to 2019/20	2.00%	
2020 onwards	2.50%	
Rate of CPI increase	2.50%	2.50%
Expected return on assets	8.60%	8.60%
Discount rate	3.80%	3.06%

## (iii) Demographic assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

## (h) Historical information

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
	<b>30 June 2013</b>	<b>30 June 2013</b>	<b>30 June 2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	10,232	2,401	37,651
Fair value of fund assets	(8,329)	(2,233)	(22,729)
(Surplus) / Deficit in fund	1,903	168	14,922
Experience adjustments – fund liabilities	(320)	(270)	(2,297)
Experience adjustments – fund assets	(378)	(161)	(1,831)

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year To</b>	<b>Year To</b>	<b>Year To</b>
	<b>30 June 2012</b>	<b>30 June 2012</b>	<b>30 June 2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	10,652	2,667	39,409
Fair value of fund assets	(7,807)	(1,998)	(19,768)
(Surplus) / Deficit in fund	2,845	669	19,641
Experience adjustments – fund liabilities	960	288	10,544
Experience adjustments – fund assets	917	202	1,753

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year To</b>	<b>Year To</b>	<b>Year To</b>
	<b>30 June 2011</b>	<b>30 June 2011</b>	<b>30 June 2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	10,203	2,608	27,857
Fair value of fund assets	(9,008)	(2,373)	(20,116)
(Surplus) / Deficit in fund	1,195	235	7,741
Experience adjustments – fund liabilities	447	(45)	(497)
Experience adjustments – fund assets	(107)	3	(377)

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year To</b>	<b>Year To</b>	<b>Year To</b>
	<b>30 June 2010</b>	<b>30 June 2010</b>	<b>30 June 2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	9,372	2,372	27,060
Fair value of fund assets	(8,281)	(2,029)	(18,352)
(Surplus) / Deficit in fund	1,091	343	8,708
Experience adjustments – fund liabilities	406	104	2,115
Experience adjustments – fund assets	(200)	(11)	151

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year To</b>	<b>Year To</b>	<b>Year To</b>
	<b>30 June 2009</b>	<b>30 June 2009</b>	<b>30 June 2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	8,617	2,119	23,781
Fair value of fund assets	(7,559)	(1,810)	(17,094)
(Surplus) / Deficit in fund	1,058	309	6,687
Experience adjustments – fund liabilities	388	91	3,998
Experience adjustments – fund assets	663	306	2,858

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Year To</b>	<b>Year To</b>	<b>Year To</b>
	<b>30 June 2008</b>	<b>30 June 2008</b>	<b>30 June 2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	6,917	1,683	19,596
Fair value of fund assets	(6,762)	(1,714)	(19,318)
(Surplus) / Deficit in fund	155	(31)	278
Experience adjustments – fund liabilities	(240)	(45)	(928)
Experience adjustments – fund assets	809	261	3,275



## (i) Fund assets

The percentage invested in each asset class at the balance sheet date is as follows:

	30 June 2013	30 June 2012
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

**Fair value of fund assets**

All fund assets are invested by the Superannuation Trustee Corporation at arm's length through independent fund managers.

**Expected rate of return on assets**

The expected rate of return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

## (j) Expected contributions

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

	<b>SASS</b> Financial Year to 30 June 2013 \$'000	<b>SANCS</b> Financial Year to 30 June 2013 \$'000	<b>SSS</b> Financial Year to 30 June 2013 \$'000
Expected employer contributions	359	105	325

Comparative information as at 30 June 2012 is as follows:

	<b>SASS</b> Financial Year to 30 June 2012 \$'000	<b>SANCS</b> Financial Year to 30 June 2012 \$'000	<b>SSS</b> Financial Year to 30 June 2012 \$'000
Expected employer contributions	388	124	340

## (k) Funding arrangements for employer contributions

## (i) Surplus / (Deficit)

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued benefits	8,900	2,030	21,661	32,591
Net market value of fund assets	(8,329)	(2,233)	(22,729)	(33,291)
<b>Net (surplus) / deficit</b>	<b>571</b>	<b>(203)</b>	<b>(1,068)</b>	<b>(700)</b>

Comparative information as at 30 June 2012 is as follows:

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued benefits	8,990	2,185	20,564	31,739
Net market value of fund assets	(7,807)	(1,998)	(19,768)	(29,573)
<b>Net (surplus) / deficit</b>	<b>1,183</b>	<b>187</b>	<b>796</b>	<b>2,166</b>

## (ii) Contribution recommendations

Recommended contribution rates for the Service as at 30 June 2013 are:

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
Multiple of member contributions	% member salary	Multiple of member contributions
1.9	2.5	1.6

Comparative information as at 30 June 2012 is as follows:

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
Multiple of member contributions	% member salary	Multiple of member contributions
1.9	2.5	1.6

## (iii) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

## (iv) Economic assumptions

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

	30 June 2013	30 June 2012
<b>Weighted Average Assumptions</b>		
Expected rate of return on fund assets backing current pension liabilities	8.3% per annum	8.3% per annum
Expected rate of return on fund assets backing other liabilities	7.3% per annum	7.3% per annum
Expected salary increase rate	2.7% per annum for 6 years then 4.0% per annum	4.0% per annum
Expected rate of CPI increase	2.5% per annum	2.5% per annum

**Nature of asset / liability**

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

## (l) The Local Government Superannuation Scheme

The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119. Insufficient information under AASB 119 is available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme are recognised as an expense for the period ending 30 June 2013 was \$1.210m (\$0.955m 2012). The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the actuary estimated that as at 30 June 2012 a deficit still existed. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contribution advised above is \$0.934m.

The share of this deficit that can be broadly attributed to the employer was not available as at 30 June 2013.

**20. 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 2013, the statement of comprehensive income and 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 2013, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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 the preparation of the 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 members of the Committee determine is necessary to enable the preparation of financial statements that give a true and fair view and that 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 the 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 Committee'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 Committee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Committee, 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 has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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

23 September 2013  
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 2013**

**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 2010 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 2013; 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**

17 September 2013

**Statement of comprehensive income for the period ended 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>			
Personnel services	2	<u>27</u>	<u>34</u>
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<u>27</u>	<u>34</u>
<b>Revenue</b>			
Grants and contributions	2	<u>27</u>	<u>34</u>
<b>Total Revenue</b>		<u>27</u>	<u>34</u>
<b>Net Result</b>		<u>-</u>	<u>-</u>
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Statement of financial position as at 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>Total Assets</b>		<u>-</u>	<u>-</u>
<b>Total Liabilities</b>		<u>-</u>	<u>-</u>
<b>Net Assets</b>		<u>-</u>	<u>-</u>
<b>EQUITY</b>			
Accumulated funds		<u>-</u>	<u>-</u>
<b>Total Equity</b>		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Statement of changes in equity for the period ended 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
Balance at 1 July		-	-
Net result for the year		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		-	-
Balance at 30 June 2013		-	-

The accompanying notes form part of these financial statements.

**Statement of cash flows for the period ended 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided / (used) from operating activities		-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash provided / (used) from investing		-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash provided / (used) from financing activities		-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
<b>NET INCREASE / (DECREASE) IN CASH</b>		-	-
Opening cash and cash equivalents		-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		-	-

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 2013 have been authorised for issue by the Bush Fire Co-ordinating Committee on 17 September 2013.

### (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.

(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.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. Revenue and Expenses</b>		
<b>Revenue</b>		
Grants from the NSW Rural Fire Service	27	34
	<u>27</u>	<u>34</u>
<b>Expenses</b>		
Personnel services provided by the NSW Rural Fire Service	27	34
	<u>27</u>	<u>34</u>

**3. Contingent Assets and Contingent Liabilities**

As at 30 June 2013 the Committee had no contingent assets or contingent liabilities (Nil in 2012).

**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**

