



**ESTA**  
**ANNUAL**  
**REPORT**  
**2016-17**



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# CHAIRMAN'S FOREWORD

The Emergency Services Telecommunications Authority (ESTA) has had a year of improving performance. Of note, ambulance code one (high acuity patients) performance has improved remarkably, with the flow-on effects being enjoyed by Ambulance Victoria and its patients.

The thunderstorm asthma event of last spring tested all in the emergency services community, in particular ESTA call-takers and dispatchers, and paramedics in the field. It was an unforeseen and, in many ways, unprecedented event which stretched our people and systems to their very limits and beyond.

I would like to take this opportunity to thank all at ESTA who contributed to meeting this unusual challenge.

Sitting behind the increased performance of Ambulance Victoria in the field are outcomes associated with the major reform of the ambulance grid review. The grid review is a total reworking of the tool used by ESTA and Ambulance Victoria to determine the acuity of patients and, hence, the prioritisation of the clinical response.

The review focused on engineering a quicker level of response for very sick, potentially dying, patients and has achieved outstanding results. I think it appropriate to acknowledge that while the nature of the triage environment is largely a matter for Ambulance Victoria to determine, the reform itself was carried out by ESTA and Ambulance Victoria officers on ESTA's premises and seamlessly integrated into ESTA's call-taking protocols.

Ambulance call-taking and dispatch is not the only area where ESTA was actively implementing real reform. ESTA has commenced a number of reforms with Victoria Police in order to improve the prioritisation of the police response to emergency situations. ESTA is working hard with the Department of Justice and Regulation and other agencies to improve the efficiency and coverage of metropolitan and country radio networks which form the communication backbone for emergency responses.

There are a number of initiatives underway designed ultimately to relieve the pressure of growing traffic over the radio network by considering digital alternatives.

ESTA can now claim that it handles the daily demand of all its business well; however, it still struggles from time to time with large surges in demand. There is still a need for ESTA to more comprehensively understand the dynamics of its surge demand peak periods and develop a range of better responses to the public. This challenge will constitute one of the highest priorities for ESTA over the next 12 months.

I would like to thank my fellow Authority members for the generous support they have given me. I would also like to thank the management of ESTA for their efforts, recognising the difficult nature of the environment they work in. To all ESTA people, particularly to our brave and professional call-takers and dispatchers and their support and training crews, my sincere thanks for a job well done and rarely acknowledged. I would like to wish our fellow agencies – Ambulance Victoria, Country Fire Authority, the Department of Environment, Land, Water and Planning, the Department of Justice and Regulation, Emergency Management Victoria, Metropolitan Fire Brigade, Victoria State Emergency Service and Victoria Police – all the best for the future in managing the many challenges in the emergency response environment.



Howard Ronaldson  
Chairman ESTA

# CEO'S REPORT

ESTA set clear priorities from the start of the year to achieve our Corporate Plan. These priorities targeted improving service performance, particularly around ambulance priority one dispatch, ensuring financial sustainability, and delivering key change initiatives for emergency service organisations.

We have maintained or improved call-taking and dispatch service performance against standards throughout the year, in the face of continuing growth, without compromising quality of service.

ESTA also continued to work toward financial sustainability, implementing recommendations stemming from an independent financial review into ESTA's operations in 2015. The development of a financial forecasting model has enabled ESTA and the emergency service organisations to forecast growth in to future years, and also enables modelling of cost-saving initiatives designed to deliver productivity improvements.

The organisation strengthened our partnership with agencies in delivering several collaborative initiatives. ESTA and Ambulance Victoria delivered the Dispatch Grid Review and Alternate Triage projects, both of which were recommendations from the Ambulance Performance and Policy Consultative Committee. ESTA and Victoria Police commenced projects to build resilience, mobility and efficiencies in police call-taking and dispatch services as part of the Blue Connect program. ESTA and the Metropolitan Fire Brigade commenced a project looking to optimise incident response. And ESTA, and all agencies using the Metropolitan Mobile Radio network, identified and prioritised operational communication remediation sites and secured funding to begin improving coverage in those priority locations.

Of the 30 initiatives targeted in the 2016-17 Corporate Plan, 14 were delivered, 12 are on track for delivery, and four were postponed in consultation with emergency service organisation partners.

The guidance of the Authority throughout the year has helped management create stability, and set a new vision and strategic direction for the organisation. There is also a greater sense of partnership developing with our senior agency representatives through the various standing engagements between us, with strong support, guidance and oversight of our activities from the Chief Executive of Emergency Management Victoria and the Inspector-General for Emergency Management.

Demand for triple zero services continued to grow, and the community experienced several large-scale emergency events in the first seven months of the financial year. These emergencies resulted in demand surge on all emergency service resources in the state. Significant rain and wind events saw widespread damage to infrastructure. The unexpected and unprecedented thunderstorm asthma event saw loss of lives and placed enormous strain on the health system, as did the horrific events in Bourke Street in January. Through all of these emergencies, ESTA continued to be the critical link between the community and the responses of emergency services through the management of Victoria's triple zero services.

These events demonstrate the requirement for ESTA to provide immediate additional capacity to meet the needs of the community when surges occur. ESTA also understands the need to continually improve and evolve its service model, in partnership with the emergency service organisations and Emergency Management Victoria, to drive the primary goal of saving lives and preventing harm during surges. Improving in this respect means delivering services that enable a safer and more resilient community.

Perhaps the greatest highlight of the year was the example of community commitment demonstrated by our people in delivering call-taking and dispatch services during these large scale emergencies. This was reflected in the comments of the Inspector-General for Emergency Management in his review of the response to the thunderstorm asthma event: "The dedication of ESTA's frontline staff was evidenced by the manner in which they returned to their workstations and resumed answering Triple Zero calls, or dispatching emergency ambulances, even as the surge continued..."

Finally, I am immensely proud of the entire team at ESTA. The comments by the Inspector-General highlight the actions of people and an organisation that are deeply connected to their sense of purpose, and dedicated to the safety and resilience of the Victorian community.



Ben Piper  
CEO (Acting)

# MISSION, **VISION**, VALUES AND **COMMUNITY**

## ESTA'S MISSION

ESTA provides the critical link between the community and emergency services for triple zero, and partners with the agencies to improve service delivery to the community.

## ESTA'S VISION

Our vision is to be a high performing team trusted by the community and our partners to deliver the right emergency response.

## ESTA'S VALUES

ESTA values accountability, ethics, respect, collaboration and support for others.

## ESTA'S COMMUNITY

ESTA's purpose is to serve the Victorian community.

Key stakeholders during 2016-17 included:

- > The people of Victoria
- > Emergency Service Agencies:
  - Ambulance Victoria
  - Country Fire Authority (CFA)
  - Metropolitan Fire Brigade (MFB)
  - Victoria Police
  - Victoria State Emergency Service (VICSES)
- > ESTA employees
- > Suppliers and technology partners
- > State Government
  - Minister for Emergency Services
  - Minister for Health
  - Minister for Police
  - Emergency Management Commissioner
  - Inspector-General Emergency Management (IGEM)
  - Emergency Management Victoria (EMV)
  - Department of Justice and Regulation
  - Department of Premier and Cabinet
  - Department of Treasury and Finance
  - Department of Health and Human Services
  - Department of Environment, Land, Water and Planning (DELWP)
  - Bureau of Meteorology

## STRATEGIC GOALS 2017-21

ESTA's corporate plan is designed to help it achieve five specific and linked goals:

**To save lives and prevent harm through speed and accuracy in emergency operations.**

ESTA's role from inception has been to provide a critical link in Victoria's emergency services response. The speed



OUR VISION IS TO BE A HIGH PERFORMING TEAM TRUSTED BY THE COMMUNITY AND OUR PARTNERS TO DELIVER THE RIGHT EMERGENCY RESPONSE.

and accuracy of ESTA's services are what helps save lives and prevent harm. This goal reflects ESTA's determination to serve the community with performance that continues to improve where it matters most. It also serves to galvanise the organisation around those things that matter most to people facing an emergency - speed and accuracy.

ESTA's goal to save lives and prevent harm extends beyond its service to the public, to its responsibilities for the safety of emergency services officers in the field.

### **To achieve a high performance culture and provide a safe and rewarding experience for ESTA's people.**

The Victorian community and the emergency services sector expect and deserve the highest standards of performance from ESTA. It is important, therefore, that the organisation shapes and supports a workforce that can perform at its best. ESTA will improve its people experience to foster an environment where people strive for high performance. It will create a workplace that is safe and healthy, where individuals and teams are connected with each other, where they can build rewarding careers, and where people will feel more engaged.

### **To inform, support and deliver sector and agency initiatives and reforms.**

ESTA's emergency communications expertise contributes significantly to delivering better, more integrated and effective emergency services for Victoria. ESTA will address challenges around delivery to agency and sector requirements in several ways, including better informing requirements and projects as a partner. ESTA will integrate agency projects into its own plans and goals and improve its understanding of sector needs. ESTA will align agency and ESTA business and change agendas, commit to consistent and reliable delivery, and build its research and innovation capability to better inform today's issues and the direction of emergency communications for the state.

### **To deliver the best outcomes for the community by managing and prioritising resources.**

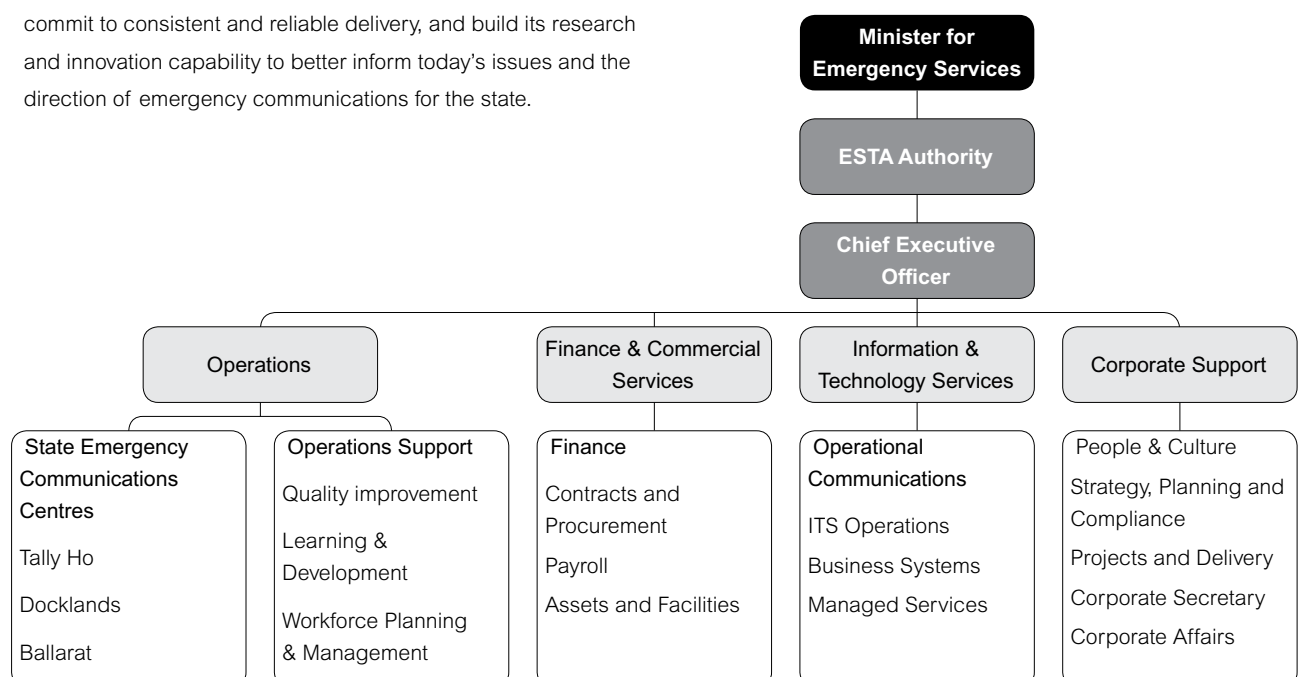
ESTA operates in a complex, highly integrated and volatile demand environment. It needs to prioritise and be flexible in the management of resources against demand. It must also be open and transparent about what it can do and how it will do it. Initiatives in the plan will reflect clear, transparent and evidence-based, prioritisation of ESTA resources and actions aligned with stakeholder expectations. The organisation will develop greater flexibility to better manage growth in demand, as well as unexpected surges.

### **To deliver consistent and reliable services by building organisational capability and resilience.**

The community and agencies expect resilient and effective services that represent value for money and compliance with public sector standards. Increasing demand pressure, as well as the appetite for change throughout the sector, requires ESTA to do more with existing capabilities. Work to strengthen organisational capabilities and investment in infrastructure is anticipated in this plan.

## **ORGANISATIONAL STRUCTURE**

ESTA's Executive Leadership Team during 2016-17, comprised CEO, Julia Oxley, succeeded by Acting CEO, Ben Piper, Chief Financial Officer Jim Strilakos; Chief Information Officer Paul Duffer; Chief Operations Officer Ben Piper, succeeded by Acting Chief Operations Officer Ameer Morgans; Corporate Secretary and Head of Corporate Affairs, Rosemary Mullaly; Head of People and Culture, Thera Storie succeeded by Ari Cassarchis; Head of Strategy, Planning and Compliance Jerome Thevenon; and Head of Delivery Jim Vavaroutsos.



# ABOUT **ESTA**



ESTA provides the critical link between the Victorian community and the State's emergency services agencies. It provides Victoria's 24-hour emergency call-taking and dispatch services for police, fire, ambulance and VICSES. ESTA answered almost 2.56 million calls for assistance in 2016-17; on average this is a call every 12 seconds or more than 6900 a day. More than 1.8 million of these calls come via the triple zero emergency call service. During the same period, ESTA dispatched more than 2.1 million events, an average of more than 5800 each day or one every 15 seconds.

ESTA also manages the provision of advanced, operational communications for Victoria's emergency services. These operational communications support police, fire, ambulance and VICSES personnel in the field by this year carrying more than 20 million radio calls over the Metropolitan Mobile Radio Service (MMR); supporting 11.36 million data transactions on the Mobile Data Network (MDN); and delivering more than 1.4 million messages to CFA, VICSES and Ambulance Victoria volunteers and staff via the state-wide Emergency Alerting System (EAS).

This integration of emergency services communications within ESTA is unique in Australia. It reflects the Victorian Government's vision for centralised emergency management including the alignment of strategy, planning and investment across emergency service agencies and the promotion of unified information systems.

ESTA has a key role in facilitating interoperability for multi-agency response and is committed to providing the operational communications services and support that the emergency services need, when and where it is needed.

**ESTA ANSWERED ALMOST 2.56 MILLION  
CALLS FOR ASSISTANCE IN 2016-17;  
ON AVERAGE THIS IS A CALL EVERY  
12 SECONDS OR MORE THAN 6900 A DAY.**

ESTA's people are deeply committed to the community they serve and are among the most dedicated and highly skilled in their field. Call-taking and dispatch services are delivered from three State Emergency Communications Centres (SECCs) located at Ballarat, East Burwood and Docklands.

Operating in an environment of increasing community expectations for seamless and transparent emergency services, ESTA pursues continuous improvement across all areas of its service delivery.

# GROWTH IN DEMAND



ESTA'S TRIPLE ZERO EMERGENCY CALLS HAVE GROWN BY ALMOST TWO PER CENT ON THE PREVIOUS YEAR AND MORE THAN 16 PER CENT OVER THE PAST FOUR YEARS.

The following tables outline key activities reflecting the growth in demand for ESTA's services in 2016-17.

## Activity

Activity	2012-13	2013-14	2014-15	2015-16	2016-17	Growth on LY	Four Year CAGR	Four Year Growth
Calls Answered	2,349,505	2,406,433	2,413,335	2,544,708	2,595,126	2.0%	2.5%	10.5%
Triple Zero emergency calls	1,620,164	1,657,441	1,707,209	1,849,042	1,884,077	1.9%	3.8%	16.3%
Non-Triple Zero emergency calls	374,909	387,419	363,295	381,909	373,426	-2.2%	-0.1%	-0.4%
VICSES Storm (132500) calls answered	21,085	31,911	22,335	19,902	32,345	62.5%	11.3%	53.4%
Non-Emergency and Operational Calls	288,527	290,193	262,852	204,883	201,734	-1.5%	-8.6%	-30.1%
Enquiry Calls	44,820	39,469	57,644	88,972	103,544	16.4%	23.3%	131.0%
Average calls per day	6437	6593	6612	6953	7110	2.3%	2.5%	10.5%
Average Triple Zero emergency calls per day	4439	4541	4677	5052	5162	2.2%	3.8%	16.3%
Events Dispatched	1,859,524	2,053,332	2,013,273	2,133,502	2,161,706	1.3%	3.8%	16.3%
Emergency Calls - Triple Zero, Direct and Storm	2,016,158	2,076,771	2,092,839	2,250,853	2,289,848	1.7%	3.2%	13.6%

## GROWTH IN DEMAND

### Calls taken

Agency	2012-13	2013-14	2014-15	2015-16	2016-17	Growth on LY	Four Year CAGR	Four Year Growth
Victoria Police	1,209,697	1,245,593	1,296,049	1,416,144	1,428,728	0.9%	3.4%	18.1%
Ambulance Victoria	910,363	911,467	879,147	893,686	914,453	2.3%	0.1%	0.4%
CFA	134,681	134,713	141,415	143,622	149,362	4.0%	2.1%	10.9%
VICSES	48,695	66,654	50,683	49,758	69,498	39.7%	7.4%	42.7%
MFB	46,069	48,006	46,041	41,498	33,085	-20.3%	-6.4%	-28.2%
<b>Total</b>	<b>2,349,505</b>	<b>2,406,433</b>	<b>2,413,335</b>	<b>2,544,708</b>	<b>2,595,126</b>	<b>2.0%</b>	<b>2.0%</b>	<b>10.5%</b>

Agency	2016-17	% of total
Victoria Police	1,428,728	55.1%
Ambulance Victoria	914,453	35.2%
CFA	149,362	5.8%
VICSES	69,498	2.7%
MFB	33,085	1.3%
<b>Total</b>	<b>2,595,126</b>	<b>100.0%</b>

### Events dispatched

Agency	2012-13	2013-14	2014-15	2015-16	2016-17	Growth on LY	Four Year CAGR	Four Year Growth
Victoria Police	1,101,890	1,224,283	1,224,283	1,325,856	1,366,105	3.0%	5.5%	24.0%
Ambulance Victoria	654,408	720,552	680,493	699,675	676,237	-3.3%	0.8%	3.3%
CFA	44,727	44,768	44,768	45,664	44,876	-1.7%	0.1%	0.3%
MFB	38,316	40,184	40,184	40,435	41,244	2.0%	1.9%	7.6%
VICSES	20,183	23,545	23,545	21,872	33,244	52.0%	13.3%	64.7%
<b>ESTA TOTAL Events Dispatched</b>	<b>1,859,524</b>	<b>2,053,332</b>	<b>2,013,273</b>	<b>2,133,502</b>	<b>2,161,706</b>	<b>1.3%</b>	<b>3.8%</b>	<b>16.3%</b>

Agency	2016-17	% of total
Victoria Police	1,366,105	63.2%
Ambulance Victoria	676,237	31.3%
CFA	44,876	2.1%
MFB	41,244	1.9%
VICSES	33,244	1.5%
<b>ESTA TOTAL Events Dispatched</b>	<b>2,161,706</b>	<b>100%</b>

# PERFORMANCE



IN 2016-17, ESTA MET OR EXCEEDED MOST OF ITS EMERGENCY CALL-TAKING AND DISPATCH PERFORMANCE BENCHMARKS, DESPITE AN INCREASE IN DEMAND ON ITS SERVICES.

ESTA has delivered high-quality call-taking and resource allocation services for all emergency services for Victoria consistently and effectively in the past year. The Operations performance report reflects service demand, quality of service provision, and agency specific changes during the year.

## OPERATIONAL DEMAND

State-wide emergency call activity increased by 1.7 per cent from the previous year. This equates to ESTA receiving an extra 39,000 emergency calls. This is a combination of triple zero emergency calls, direct emergency calls from agency personnel, and VICSES storm and flood calls.

This is lower than predicted year-on-year growth in call activity, but high demand in the storm surge workload is reflected in VICSES demand.

Overall demand growth is expected year-on-year in alignment with population growth. Ambulance Victoria demand reduction strategies have been implemented via public education campaigns. These have been launched in alignment with resource allocation reform delivered in partnership with Ambulance Victoria, which has provided an improvement in some resource allocation measures.

## SURGE-RELATED DEMAND

Surge activity has placed ESTA Operations under enormous pressure to deliver service to standards throughout 2016-17. Storm surges from September through to the end of December and other key events have tested service delivery and surge capacity. There were three large incidents which have resulted in sector level review:

- > Thunderstorm asthma – November 2016
- > Bourke Street incident – January 2017
- > DFO Essendon Fields aircraft crash – February 2017.

These events demonstrate the diverse range of large-scale incidents across all agency partners for which ESTA manages the public response and emergency services resource allocation.

The Minister for Health and Ambulance Services and our assurance body, IGEM, released the final report into the response to the thunderstorm asthma event in November 2016. The report described ESTA's efforts as follows:

"IGEM commends the dedication and effort of [ESTA] management, call-takers and dispatchers. While demand for ESTA, [Ambulance Victoria] and hospital services stretched or exceeded capacity, the commitment and flexibility of the emergency management sector and the health system in responding to the event contributed to minimising adverse impacts on the community.

## PERFORMANCE

“ESTA's internal lines of communication, command and control, capacity, and escalation assisted deployment of as much emergency ambulance call-taking and dispatch resources as possible. This helped to address the enormous demand across a relatively short period of time.”

The growth in the number of surge events and the increase in non-weather related events to include health-related incidents and large-scale criminal activity has offered the opportunity for ESTA to review its preparedness to provide resilient, capable services during these times.

Sector-level changes have already been undertaken to improve whole-of-sector processes and policies governing our response to unpredictable surge events, and work is underway to ensure the alignment of ESTA's emergency plans with all agencies and government.

The rules for using the recorded voice announcement (RVA) to alert triple zero callers that there is high demand has been updated so we can activate it when experiencing a surge event. This change, coupled with modified call-taker scripts, is supporting improved community messaging, which is critical to managing callers' expectations and ensuring the community is aware of surge events.

We have approved a training package to manage breathing-related emergencies and will roll out training to help call-takers manage the specific needs of asthma callers. We have made several improvements to our Critical Incident Response Plan processes to help us to manage surges better through a whole-of-organisation approach. Strategic planning is being undertaken to examine flexible staffing strategies and support surge demand. We have also begun working with our agency partners and the government to use analytics to identify surges in the live environment.

These changes will help ESTA to provide the critical link between the community and emergency services to drive the best outcomes for all Victorians.

### ESTA CALL-TAKING AND DISPATCH SERVICE PERFORMANCE

IGEM monitors performance standards for ESTA's call-taking and dispatch. ESTA reports monthly against these qualitative and quantitative standards.

State-wide performance standards apply for the fire services, VICSES and Victoria Police. For Ambulance Victoria, performance standards are applied on a metropolitan basis, with additional reporting provided on regional and state-wide performance, using the metropolitan standards as a point of comparison.

## QUANTITATIVE PERFORMANCE

ESTA met or exceeded most of its emergency call-taking and dispatch performance benchmarks in 2016-17, despite an increase in demand on its services. ESTA met or exceeded emergency call answer speed benchmarks over the year across almost all agencies.

### VICTORIA POLICE

ESTA:

- > exceeded the performance benchmark of answering 80 per cent of emergency calls over the year
- > answered 86.3 per cent of calls for the year within five seconds<sup>1</sup>
- > exceeded the metropolitan area dispatch performance benchmark on a state-wide basis by dispatching 90.3 per cent of priority one Victoria Police events within the metropolitan benchmark time of 180 seconds.

### AMBULANCE VICTORIA

ESTA:

- > answered more than 90 per cent of calls – on a state-wide basis – within five seconds in all months of the year
- > answered 95.9 per cent of ambulance non-emergency patient transport calls within 30 seconds
- > dispatched 83.0 per cent of code one events across the state within the metropolitan benchmark time of 150 seconds, compared with 78.3 per cent last year. ESTA's performance standard is 90 per cent of code one events to be dispatched within the 150 seconds and it is improving toward this benchmark
- > continued to work with Ambulance Victoria to identify improvement initiatives that will improve code one dispatch performance. In particular, implementation of the Ambulance Victoria Grid Reform Project is already contributing to improved performance against this standard and is forecast to have further positive impact in 2017-18.

The Revised Ambulance Dispatch project is underway in partnership with Ambulance Victoria to improve dispatch performance further. This project changed the governance of dispatch from the Emergency Services Minister to the Minister for Health, on 28 February 2017. The two-year project will see ESTA dispatchers empowered to dispatch without having to refer cases to Ambulance Victoria.

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<sup>1</sup> ESTA's services are provided state-wide and the figures displayed reflect state-wide activity and performance against the standard as presented. However, for the 2015-16 FY, this standard applied to metropolitan service delivery only.

## CFA AND MFB

ESTA:

- > exceeded the call answer performance standard of answering 97.2 per cent (CFA) and 96.4 per cent (MFB) of emergency calls within five seconds. The standard was met every month for both CFA and MFB
- > dispatched 95.1 per cent of MFB priority one events within the benchmark time and met the performance standard in each month of the year
- > met the dispatch performance standard for CFA priority one in all months of the year, with an average 94.3 per cent of CFA events dispatched within the benchmark
- > met the CFA priority three dispatch standard in eight months of the year, which meant the yearly benchmark was met with 90.4 per cent.

## VICSES

ESTA's call answer speed performance was compliant in eight of the 12 months of 2016-17, compared with only two months in 2015-16. Dispatch speed for priority two and three events met the standard in 11 of the 12 months during the year, compared with all 12 months the previous year.

There has been some improvement in the dispatch for priority one (other agency) events from 2015-16 to 2016-17. However, this standard has not been met in any of the months in the past two years.

An analysis confirmed that co-mingling VICSES calls with higher priority police calls, as well as unpredictable surge activity, were the primary drivers of non-compliance. VICSES calls are presented in the police emergency queue, at a lower priority than police emergency calls; this, combined with the normally low VICSES call volumes makes achieving daily call answer performance challenging. In addition, call activity to the VICSES storm queue is extremely dynamic, with adverse weather often resulting in significant surges in call volume with limited notice. For example, VICSES storm emergency calls offered to ESTA varied from six to 3987 calls per day; 37 days in the year exceeded 200 calls, more than double that of last year.

The MFB and CFA approved a trial of fire call-takers handling VICSES calls when police operators are busy, with the aim of improving performance. ESTA's fire operators, after consultation, have been participating in the trial which is showing positive signs.

Between January and June 2017, VICSES performance improved by about 15 per cent on the same period in the previous financial year. MFB and CFA performance improved by about one per cent. This comparison does not include the peak storm periods.

ESTA:

- > met the call answer performance standard for eight months of the year
- > answered 77.6 per cent of calls for the year within the benchmark time of 20 seconds. This is compared with 77.2 per cent last year.
- > did not meet the priority one dispatch standard in any month of the year, dispatching 85.8 per cent of priority one events within the benchmark time of 60 seconds
- > met the priority two and three dispatch standard in 11 months of the year, achieving a performance of 94.5 per cent of events dispatched within the benchmark time<sup>2</sup>.

## ESTA QUALITY PERFORMANCE

The ESTA Quality Improvement Team is responsible for managing compliance and service delivery audit activities, governance of potential adverse event processes, assisting with coronial investigations, and release of ESTA data under relevant legislation. The current quality activities undertaken by the ESTA Quality Improvement Team, including compliance monitoring and independent audit, adverse event management and quality improvement activities, are reported below.

ESTA's quality performance:

- > Victoria Police met all standards over the year
- > Ambulance Victoria emergency measures were met in most qualitative areas only, missing on Accuracy of Event type by 0.5 per cent (97.1 per cent) and Accuracy of General Event Information by 0.3 per cent (99.4 per cent)
- > Ambulance Victoria non-emergency met all standards over the year
- > MFB met all standards over the year
- > CFA met all standards over the year.

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2 Urban Priority 2 & 3 Events – 460 seconds, Rural Priority 2 & 3 Events – 460 seconds, Other Agency Events – 230 seconds.

## PERFORMANCE

### Audit activities

Key Performance Indicator	Description	Number of Audits	Compliant (%)	Target
All service delivery audits	% compliant	24,446	92.88	90
Ambulance emergency call-taking service delivery audits	% compliant (call-taking and call-taker call-back)	3,481	92.44	90
Ambulance emergency dispatch service delivery audits	% compliant (dispatch and post-dispatch)	1,763	95.43	90
Ambulance non-emergency call-taking service delivery audits	% compliant (call-taking and call-taker call-back)	1,587	95.72	90
Ambulance non-emergency dispatch service delivery audits	% compliant (dispatch and post-dispatch)	475	95.16	90
Police call-taking service delivery audits	% compliant	5,796	90.11	90
Police dispatch service delivery audits	% compliant	5,332	92.12	90
Fire call-taking service delivery audits	% compliant	2,155	90.02	90
Fire dispatch service delivery audits	% compliant (dispatch and turnout dispatcher)	3,857	97.46	90

## POTENTIAL ADVERSE EVENT INVESTIGATIONS

ESTA's process for identification of potential adverse events enables ESTA people to identify those which require review and support continuous improvement processes. These notifications require review of the event within three days, and events with a high impact or critical risk assessment outcome require reporting to IGEM. As shown in the table below, of the 330 Event of Interest notifications received from July 2016 to June 2017, 20 required notification to IGEM. There were no extreme adverse events identified.

ESTA received 1,102 agency-generated potential adverse event notifications or 'observation reports' in 2016-17, an increase of 28 per cent compared with the previous year. While report numbers increased, the overall results were more favourable for the year. ESTA identified that 296 of the observation reports offered opportunities for improvement compared with 580 the previous year. This equates to about one valid observation report per 7,300 events dispatched in 2016-17, compared to one per 3,580 in 2015-16.

Potential Adverse Event source	Description	
ESTA-generated Event of Interest notifications	Number of Event of Interest notifications received from ESTA staff	330
Agency-generated observation reports	Number of new observation reports submitted by agencies	1,004

ESTA's Quality Improvement Team also performs an audio data governance function. It assisted with more than 1,000 requests for audio and related information.

Triple zero audio data governance	Description	
Requests for audio and related information	Public and legal requests for information pursuant to the ESTA Act and Freedom of Information Act	422
Audio requests for ESOs	Requests from agencies for audio of telephone calls or radio dispatch	673

# DELIVERY AND PARTNER AGENCIES



ESTA WORKED WITH ITS AGENCY PARTNERS ON SEVERAL MAJOR PROJECTS, ALL OF WHICH CONTRIBUTED TO IMPROVING EMERGENCY SERVICES' RESPONSE TO COMMUNITY DEMAND.

## AMBULANCE VICTORIA GRID REFORM

The Ambulance Victoria Grid Reform Project was aimed at improving ambulance resource allocation and better matching ambulance response to patient needs.

Aligning non-time critical patients with appropriate care has ensured emergency ambulances remain available for those who need them most. This was achieved by incremental changes to the Ambulance Victoria response grid throughout 2016. The project also delivered related operational, technical and infrastructure improvements to support the changes to dispatch arrangements under the new grid. ESTA's Information and Technology Services (ITS) team also implemented a new non-emergency ambulance service operating model that meets demand.

The project was finalised seamlessly in October, one month early. Benefits have been realised with an overall improvement to Total Time to Dispatch; an improvement of at least one per cent following every stage.

## MULTI-AGENCY COMMUNICATIONS GATEWAY (MACG)

MACG will provide a common interface to allow message integration to ESTA and Computer Aided Dispatch (CAD) for agencies using new smart devices and new narrowband radio and mobile devices. The program comprises several work streams which are aligned with the agencies. The main benefits include an overall reduction in radio traffic and overall dispatch and resource management efficiencies.

The MACG data foundation will provide a common gateway mechanism for agencies to be able to input into and/or, receive data from CAD. Each agency has specific work practices and requirements, which are being reviewed and discussions are taking place about how best to meet their exact technical and operational needs.

Victoria Police has elected to help lead MACG and is funding the development of the new ESTA foundation facility as part of its BlueConnect mobile smart device program. It is this foundation facility that will form the basis of other agency integration initiatives.

The establishment of the ESTA BlueConnect MACG foundation interface is scheduled to be in place by late 2017.

## DELIVERY AND PARTNER AGENCIES

### DIGITAL RADIOS UPGRADE PROJECT (DRUP) ESTA INTEGRATION

DRUP ESTA integration will help Emergency Management Victoria to deliver two key projects which are now combined – the ACMA (Australian Communications and Media Authority) compliance project and DRUP. These two projects will see VICSES and regional police moving from analogue radio networks to a much clearer and user-friendly digital radio network. Substantial work is underway to ensure contracts and agreements are completed, and ESTA will then be able to begin planning the transition. This is scheduled for the second half of 2017.

The police radio upgrade will also mean all of Victoria Police radio dispatch communications will be encrypted, ensuring the private and sensitive information involved in police work remains private. It will also see the introduction of a new duress fleet monitor tool for the VICSES which will be will be more user-friendly and remove some of the steps involved for VICSES dispatchers so they can focus on dealing with the duress alarm.

# STRATEGY, **PLANNING** AND COMPLIANCE



ESTA'S CORPORATE PLAN HELPED ADDRESS KEY PERFORMANCE ISSUES, DELIVER PRIORITY AGENCY AND SECTOR CHANGES AND SET A PATH TO A FINANCIALLY AND OPERATIONALLY SUSTAINABLE ORGANISATION.

## ESTA CORPORATE PLAN 2016-2020

ESTA's Corporate Plan outlined how we would redress key performance issues, deliver priority agency and sector changes, and set a path to a financially and operationally sustainable ESTA.

The plan included key projects for ESTA to deliver over a four-year horizon, but was focused on high-priority initiatives scheduled for 2016-17. These initiatives were spread across three portfolios: performance, delivery, and sustainability.

### *Performance*

Key achievements included:

- > the implementation as part of the Quick Send initiative of a process change to specific event types that brought forward the point where an event is available for dispatch. Giving the dispatcher an opportunity to dispatch an ambulance earlier allows ESTA to get the ambulance to the patient sooner. As a result, there was an improvement to the average time

to dispatch by 58 seconds for these types of events. Broadly, Quick Send will identify common event types that can be presented sooner to the dispatcher in the lifecycle of the event, reducing total time to dispatch and improving response times

- > the roll-out of a Continuous Quality Improvement tactical plan that addresses several key process issues
- > the review and rationalisation of performance standards in consultation with key stakeholders
- > the implementation of more than 100,000 Common Place Names, location 'short-cuts' that call-takers can use to locate an emergency event in public places such as sports grounds, shopping centres, and doctors' offices more quickly.

### *Delivery*

Key achievements included:

- > delivery of ambulance dispatch grid changes which allowed Ambulance Victoria to better match resources with patient acuity. Since the implementation an estimated 7000 extra patients a year who need an emergency ambulance are getting one faster and the highest ever cardiac arrest survival rates were reported for two consecutive quarters
- > approval of the 'Coverage Reinstatement' business case as part of the 2017-18 budget cycle. This case sought funding to improve the coverage of several known radio and pager geographic locations with degraded service, including within large facilities such as shopping centres and hospitals. Work to remedy the coverage degradation will begin in Q1 of 2017-18
- > ESTA supporting Victoria Police in submitting a business case for 2017-18 government funding that will see implementation of a Police Assistance Line and online reporting capability.

## STRATEGY, **PLANNING** AND COMPLIANCE

### *Sustainability*

All initiatives within the sustainability portfolio were delivered on or ahead of time and budget.

Key achievements included:

- > ESTA updating the Financial and Forecasting Model developed in 2013 to inform corporate planning, financial decision making and the impact of change on service performance and/or cost through evidence-based scenario planning
- > the Sustainability team supported by consultants completing a study into the 'Future Concept of Operations'. The study identified a range of options to improve ESTA's long-term sustainability, improve operational performance and efficiency, and meet the needs of the community and sector by leveraging technology
- > commencement of the Accelerated Resourcing project. This project seeks to improve ESTA's agility in meeting demand by improving the recruitment, on-boarding, and induction of call-takers. This involves several work packages, including recruitment, mentoring, induction and training and supporting technology. A business case has been approved and detailed planning has begun.

ESTA revised its corporate plan in Q4 to align to the new strategic goals developed in 2016-17. (See appendix for detailed project updates.)

### STATEMENT OF EXPECTATION

The Statement of Expectation (SOE) outlined specific activities required by the Minister for Emergency Services. ESTA met all 16 of the requirements set out in the SOE.

Specific highlights included:

- > a benefits assessment of the Ambulance Victoria Grid Reform which indicated improved ambulance availability for code one events
- > actively contributing to development of the sector's diversity and inclusion approach
- > development and submission to government of a future operating model
- > completion of the revised Financial and Forecasting Model
- > meeting all 23 expectations cascaded to ESTA by EMV as part of its Strategic Action Plan.

### DATA SCIENCE

The Data Science team analysed the key drivers of performance for each of ESTA's service areas during the first half of 2016-17. This enabled management to focus on improvements where they were needed most.

The team completed several modelling activities to estimate the costs and benefits of various projects such as Ambulance

Victoria's Revised Ambulance Dispatch program and the 'Quick Send' initiative. The impacts of increasing demand to key service areas (e.g. Victoria Police) were also tested.

The latter portion of the year focused on forecasting future performance to help refine the 2017-21 Corporate Plan.

### RISK AND AUDIT

ESTA completed a review and rationalisation of internal audit findings, resulting in a reduction of open audit findings by 68 per cent.

Open audit findings were integrated into the corporate planning process. This enabled critical areas for improvement identified by ESTA's internal auditors to be addressed as part of corporate planning, with capability gaps linking directly to future initiatives.

A renewed focus on compliance has seen ESTA better prepared for the recent changes to the Standing Directions for the Minister of Finance and the trial attestation in 2016-17. The new compliance policy and framework complements ESTA's risk management ethos and provides a consistent and enterprise-wide approach to compliance activities.

The Victorian Managed Insurance Authority (VMIA) helped ESTA's senior stakeholders to define the risks associated with delivery of the Corporate Plan. This approach will allow ESTA to design targeted mitigation strategies that will support successful delivery of the plan.

### BUSINESS CONTINUITY AND RESILIENCE

The Business Continuity and Resilience team continued to develop a program to ensure ESTA remains in a position to effectively respond to significant events. This included online training for key staff in business continuity and testing outage procedures in an operational environment during scheduled ESTA IT outages. The team enhanced the Critical Incident Response Plan and supported the development of an enterprise-wide approach to IT maintenance, business continuity, crisis, and facilities management schedules.

### CORPORATE PLANNING

Detailed planning for the 2017-18 financial year was used to update and refine ESTA's four-year roadmap. The team met with representatives across the sector to understand common objectives and align activities.

ESTA developed five new strategic goals; alignment to these goals was a major feature of the revised plan.

Resource mapping was used to drive scheduling of activities and the team evolved its enterprise architecture capability to support future planning.

# PEOPLE



## ESTA DEVELOPED ITS FIRST PEOPLE STRATEGY WITH A PERFORMANCE AND PEOPLE EXPERIENCE AGENDA

### PEOPLE STRATEGY

ESTA's new People Strategy was approved in March and recognises that everything we achieve at ESTA relies on our talented and committed people. Our strategy strikes a balance between the drive for consistent high performance that saves lives and prevents harm, with an improved experience for our people, better supporting them to operate at their best.

We are bringing the strategy to life through a range of initial initiatives that matter to our people, across four key focus areas:

- > **Community Driven** – We are shaped by community demand and expectations both directly and through our agency partners
- > **Safe and Well** – We are relied upon by the Victorian community every day. That means we are here and at our best
- > **Connected by Purpose** – We are a team with a singular purpose. Together, we make this a great environment to work. We recognise engagement happens at the individual level

- > **Make a Difference Careers** – Our careers make a difference, they are unique and rewarding. We have options and pathways that support individual aspirations.

Our focus in People and Culture in the coming year will be to deliver a more constructive and considered people experience.

### RECOGNITION OF OUR PEOPLE

A revised recognition program was introduced formally on 1 July 2016, focusing on recognising outstanding performance and professionalism. Acceptance of the program in year one is evidenced by more than 560 nominations across the organisation. We will continue to evolve the program based on feedback from our people and celebrate their many achievements.

### IMPROVEMENTS TO RECRUITMENT

ESTA is working to reduce both the time and cost to recruit new call-takers. We undertook a comprehensive review leading to a re-design of recruitment practices. While the assessment identified that proficient outcomes were being achieved, it found further refinement of processes would yield significant benefits in terms of reduced time and cost to recruit and the ability to improve retention rates. ESTA requires a scalable recruitment model to meet demand.

## PEOPLE

### MORE PROFESSIONAL PEOPLE SERVICES

To provide an improved and consistent people experience, several processes were updated and streamlined. All overtime for Support Office is now managed through a professional and consistent process. Secondments and higher duties policies were introduced, resulting in greater transparency and availability of opportunities to our people.

### SALARY PACKAGING OPTIONS FOR STAFF EXPANDED

We expanded the salary packaging benefits to our people to provide them with new options and savings on existing available benefits. These benefits include novated leasing and packaging of work-related items such as mobile phones, electronic devices, memberships, superannuation, income protection, and self-education just to name a few.

### PERFORMANCE MANAGEMENT

The community counts on us for speed and accuracy in an emergency. We are a vital link and our consistent high-performance protects and saves lives. ESTA is simplifying and strengthening its performance management system to better define success and support our people to achieve their best. Improvements will be introduced gradually, including:

- > clearly defining and streamlining performance standards and targets for operators
- > simplifying the performance management process with a focus on development and improvement, with an increased focus on behaviours and ways of working
- > investing in capability of our people leaders in Operations to deliver a good experience for our people.

We implemented a simplified and streamlined performance development review process in Support Office, more aligned to achievement and development and taking into account the rapidly changing environment.

### CAREERS IN EMERGENCY MANAGEMENT

A career progression model has been developed, shaped in partnership with Operations to highlight the key competencies required in each role. Drawn from the Korn Ferry Leadership competencies, the model highlights the development required to progress through the organisation and will shape development and career discussions. By defining the skills required at each level in Operations, our people can make informed choices when shaping their development program, both for progression, or alternate career pathways at ESTA. We ran a series of focus groups for each of the key operational roles to identify the critical competencies. A total of 154 internal opportunities were made available throughout the organisation, supporting people's careers.

### DEVELOPING OUR LEADERS

A coaching for performance program has been designed, which is designed to build the key competencies required to lead effectively at ESTA. The program includes a significant component of 'on the job development', seen as the best practice approach, where leaders learn, apply and refine. It supports our leaders to develop their skills as they perform their role, with coaching development and peer support. Designed to support the renewed focus on performance, it will equip our people leaders with increased ability to support their team members to lift performance and operate effectively as a team. A pilot is underway and we will begin the full program in July 2017.

### WELLNESS AND HEALTH AND SAFETY

Our new people strategy emphasises the importance of wellbeing for our people. To deliver on our promise to the community, who rely on us every day, we all need to operate at our best. The strength and resilience of our people is vital. An increasing priority and focus on mental health and wellbeing allows each ESTA employee to prioritise their own safety and wellbeing and the growing support network enables our people to live well, work well and be well are given an increasing priority.

### A CONTINUING FOCUS ON MENTAL HEALTH AND WELLBEING

ESTA recognises that the mental health of our people is a critical risk of the organisation and moved to strengthen the support system available to our people and worked to further reduce any associated stigma in our work place.

A peer support program has been designed in consultation with our people, with site-based reference groups and input from unions. The program will include external support to fit ESTA's operational needs and will be implemented in the first half of 2017-18.

The Mental Health First Aid program continues to educate our people on this critical issue, training them in self-management and care for their peers. ESTA now has 156 employees enrolled to be Mental Health First Aid officers, 51 of whom have attained accreditation, who are better placed to recognise their own triggers and those of their colleagues and engage in constructive dialogue. An online resilience program, Psyflex, is another component of our support network, offering guidance and information on building resilience.

## SAFETY DATA REVIEW AND CONSOLIDATION

ESTA is reviewing safety management systems to ensure we have a robust system to capture and track safety and wellbeing issues.

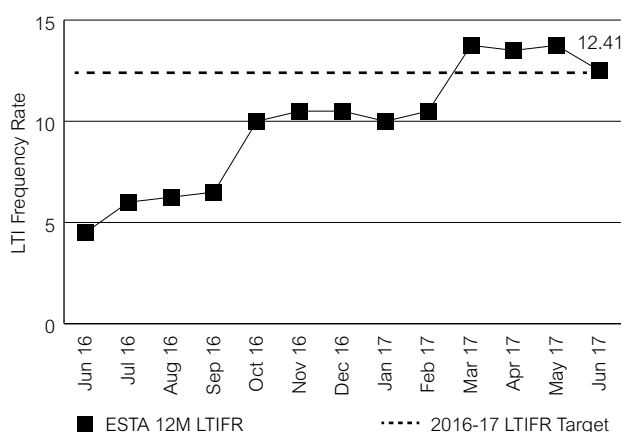
Safety management processes and forms are being streamlined at a more tactical level to ensure simplicity and ease of data capture and identification of issues.

ESTA has identified an increase in a key safety lag indicator (see below) Lost Time Injury Frequency Rate (LTIFR), driven by an increase in psychological injuries; this reflects the sometimes demanding nature of our work.

The Serious Lost Time Injury Frequency Rate has been removed as a metric to align ESTA to the Australian Standards for safety metrics.

ESTA also engaged a new workers' compensation and injury management specialist with a greater focus on early intervention manager and people support to drive improved outcomes for our people.

### LTIFR



## LEARNING AND DEVELOPMENT

Activity has increased over the past 12 months as a result of a growing demand for learning and development in support of significant change initiatives and a drive to further train our people.

Learning and Development delivered 6,043 training packages in 2016-17; 4,561 of those were major projects and initiatives, up from 2,860 last year. This equates to approximately 12 Learning and Development touch points per operator.

The Learning and Development function was moved into People and Culture, and broadened its focus from Operations to all of ESTA.

The introduction of a short-term Learning Management System enabled significant increase in delivery of learning packages, by leveraging an online platform and eLearning. In 2016-17, 5,474 eLearning courses were delivered in support of significant agency change and internal projects. A longer term Learning Management System is being investigated.

ESTA successfully gained re-registration as a Registered Training Organisation (RTO) for call-taking and dispatch certificate courses in August. We delivered a total of 38 accredited training courses with 184 learners through the ESTA RTO. ESTA's instructional design team developed a total of 36 training packages and 14 eLearning modules.

## WORKPLACE RELATIONS

ESTA is working to resolve workplace matters with an increased emphasis on early intervention. We have taken several steps in this area, including engaging a skilled mediator to help parties resolve matters amicably and de-escalate issues effectively. We are revising several policies to integrate this practice into the fabric of our organisation. We have also developed and delivered training programs to our Operational leadership group to strengthen our capability in resolving workplace issues and with an emphasis on early and low-key interventions.

## NEW ZERO-TOLERANCE BULLYING POLICY

ESTA is committed to ensuring our work environment is safe and every individual is respected and enjoys coming to work. To support this objective, ESTA has introduced a revised approach to eliminating bullying from our workplace.

The zero tolerance to bullying approach recognises that we all have a duty of care to each other to act if we become aware of or observe bullying behaviour. There are a range of possible interventions to resolve bullying, starting with low-key interventions, progressing through to lodging a complaint. Calling out unreasonable behaviour early is often the best approach, which can reduce harm to all parties and create more constructive outcomes. Initiatives being introduced in the organisation to support the elimination of bullying include:

- > implementing a new Zero Tolerance Workplace Bullying Policy
- > introducing Workplace Behaviour Contact Officers to advise on process
- > promoting processes for resolving workplace issues promptly, particularly early intervention as an initial response
- > informing our people of the support options available and education on what is and isn't bullying.

# COMMUNITY ENGAGEMENT



## MEDIA ENGAGEMENT

ESTA has deliberately and strategically increased its social media activity to engage more with the community.

The effect of this emphasis is reflected by the improvement in the key engagement metrics across all platforms.

On Facebook, the number of followers grew from 2,653 on 1 July 2016 to 4,293 on 30 June 2017, a 62 per cent increase. The average number of likes also grew by 62 per cent, from 2,692 to 4,364.

ESTA's Twitter followers grew from 962 to 1,345, a 28 per cent increase.

ESTA's You Tube channel released 13 videos; the Channel has had more than 96,000 views on social media channels since October 2016.

## JUNIOR TRIPLE ZERO HERO AWARDS

ESTA held its flagship annual community engagement event, the Junior Triple Zero Hero Awards, in May 2017.

The awards are held each year to recognise children who have used triple zero during an emergency. The event is also important because it gives our people, the operators who nominate the winners, the chance to meet the members of the public who they have helped. In a broader sense, it also emphasises ESTA's role in serving the Victorian community.

A total of 51 young Victorians aged between five and 16 were named ESTA Junior Triple Zero Heroes for calls they made to triple zero.

A TOTAL OF 51 YOUNG VICTORIANS AGED BETWEEN FIVE AND 16 WERE NAMED ESTA JUNIOR TRIPLE ZERO HEROES FOR CALLS THEY MADE TO TRIPLE ZERO.

The winners and their families, as well as the ESTA operators who nominated the children, joined the Minister for Emergency Services and Deputy Premier, The Honorable James Merlino, MP, and senior representatives of our partner agencies at the awards.

## TRIPLE ZERO AWARENESS WORKING GROUP

ESTA is an active member of the Triple Zero Awareness Working Group which has updated the national Triple Zero Challenge Game's teacher resource pack and resources kit. <http://kids.triplezero.gov.au/>

The group has also developed a Triple Zero Culturally and Linguistically Diverse poster.

ESTA's 'Lost at Sea' video on You Tube features the Emergency+ App developed by the Triple Zero Awareness Working Group. The app has had 616,000 downloads since its launch in 2013.

## ENGLISH AS AN ADDITIONAL LANGUAGE

ESTA is helping facilitate an English-as-an-additional Language education package for ESTA and the emergency services with the Hume City Council.

The package will be taught to Syrian refugees recently arrived in Australia, at the council's "Homestead" learning facility. This will be the first program of its kind in Australia. Most of the attendees are women, and many are illiterate in their own language and have little to no English. The pack details information at a primary school level and will include photos of staff in all of their uniforms, information on the translation service available and general tips about what to expect. It will be taught in English.

## OTHER ACTIVITIES

ESTA has filmed videos with Ambulance Victoria for Monash Rural Health medical students. A mock-up of ESTA's call-taking operations was used to create a short video showing what happens when people call triple zero.

ESTA participated in the 2017 Good Friday Appeal telethon, taking calls and volunteering, raising more than \$9,000.

ESTA staff participated in several other fundraising activities in the year and conducted school visits to discuss the importance of knowing how and when to call triple zero.

# INFORMATION AND TECHNOLOGY SERVICES



The ITS department has participated in and delivered on a significant number of change projects. These contribute to ESTA's overall performance, and to agencies in performing to their requirements. It is noteworthy that despite the large change program, the critical services ITS provides remain stable and available. This is evidence to support ongoing investment in continuous improvement such as building resilient systems, removing single points of failure, strengthening security, maintaining skills and developing staff, as well as refreshing critical assets and upgrading systems.

## OPERATIONAL PERFORMANCE

ESTA's ITS Department has delivered high levels of operational performance in all key services during this period. The stability of critical systems is essential to ESTA's overall performance.

The CAD system had only one brief unplanned interruption, lasting 30 seconds, resulting in practically 100 per cent planned

ESTA'S ITS DEPARTMENT HAS DELIVERED HIGH LEVELS OF OPERATIONAL PERFORMANCE IN ALL KEY AREAS DURING THIS PERIOD. THE STABILITY OF CRITICAL SYSTEMS IS ESSENTIAL TO ESTA'S OVERALL PERFORMANCE.

uptime against a target of 99.8 percent. The critical systems underpinning this performance, network and telephony, had no unplanned outages during the year. MDN and MMR services were fully available while the EAS central message processing service experienced a minor outage in October that affected the annual availability figure.

ITS Service Line	ITS Application / System	2015/16 Availability	2016/17 Availability	2016/17 Target
ITS BS	CAD	100.00%	100.00%	99.80%
ITS OPS	Wide Area Network (WAN)	100.00%	100.00%	99.80%
ITS OPS	Local Area Network (LAN)	100.00%	100.00%	99.80%
ITS OPS	Corpoarte Applications	100.00%	100.00%	99.80%
ITS MS	MDN – 'CORE' Component Availability	99.97%	100.00%	99.90%
ITS MS	EAS – Central Message Processing	99.984%	99.994%	99.999%
ITS MS	NEC Genesys Telephony	100.000%	100.000%	99.80%
ITS MS	MMR – Serv C - Central Equipment	100.000%	100.000%	99.995%

Throughout the year, the IT Service Management (ITSM) capability has been enhanced, with the introduction of key modules (Incident, Service Level, Problem and Asset) within the ITSM application to deliver streamlined processes. Following extensive stakeholder engagement, a Business Service Matrix was developed, representing all the services in the portfolio. The matrix details every service and product, owner, and criticality, as well as the resolver teams and vendors that support each of those products. It has been instrumental in closing a number of key audit findings in the service management area, and improving both incident and request management processes.

## RESILIENCE AND SUSTAINABILITY

The operational performance of critical systems demonstrates the effectiveness of improvements to the resilience of these systems over recent years, with fewer single points of failure and a better approach to systems lifecycle management.

## ASSET MANAGEMENT

We have developed an asset management strategy, outlining a lifecycle program for all Information and Communications Technology (ICT) infrastructure owned by ESTA. It will help ESTA with long-term financial planning, as well as providing assurance that systems will remain robust and fit for purpose.

The major asset refresh activity for 2016-17 was the replacement of ESTA's Storage Area Network. Following a competitive market procurement process making use of the Victorian Government IT Infrastructure Register, a contract with the successful supplier was executed in October 2016. Installation and migration to the new system began in November 2016, and was completed in March 2017 with no business impact.

## DISASTER RECOVERY

We have developed a disaster recovery strategy, roadmap and a three-year testing schedule. Early work has focused on the CAD database, a major component of this critical system. While there is still much work to do in planning and safely carrying out further tests, the CAD database automated failover was successfully invoked during the one unplanned outage incident that occurred, resulting in an interruption of only 30 seconds. Successful testing of the telephony system has also been conducted.

## SECURITY

ESTA continues to improve and evolve its IT security in response to changes in technology, capability and emerging threats. To this end, several key activities are underway to mitigate cyber security risks. Services have been established to better enable ESTA to prevent, detect and respond to cyber security incidents, threats and vulnerabilities, with further work planned.

This includes improved controls to manage remote access, a vulnerability management program, the development of a security awareness training module and penetration testing.

## INITIATIVES AND DELIVERY

ITS is a major participant in many of the major projects and initiatives that ESTA delivers, such as MACG, Ambulance Victoria Grid and Revised Ambulance Dispatch, supporting significant agency reform projects such as Victoria Police's BlueConnect mobility program, and improving ambulance response times.

In addition to these major projects, ITS delivered several other initiatives. A CAD update released in October 2016 resolved many defects, and included some major changes for Ambulance Victoria.

Identifying the location of callers is paramount in providing emergency assistance. Implementation of nearly 80 new emergency markers, introducing thousands of common place names into CAD, updating response zones, and releasing updated ESTA Maps helps greatly in this regard. ESTA continues to participate in national working groups towards the implementation of more advanced location services, particularly for callers using mobile phones.

To support the introduction of several new ambulances into the Ambulance Victoria fleet, we completed work to implement four-digit unit numbers across multiple systems.

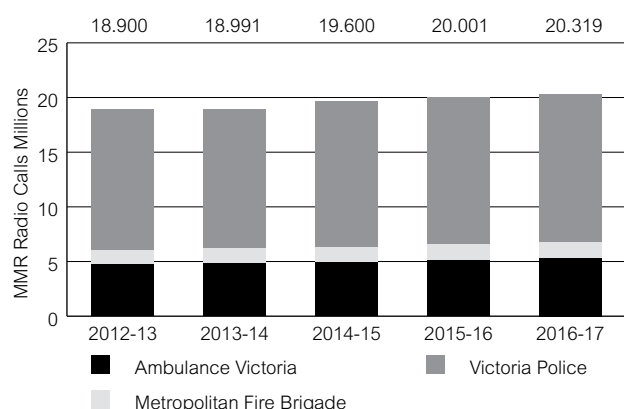
Telephony systems work focused on following-up the implementation of a new system in 2015-16. We also helped set up a Real-Time Desk to better manage operational workforce management, and set up a pilot for enabling fire call-takers to answer VICSES calls during high-volume periods.

## INFORMATION AND TECHNOLOGY SERVICES

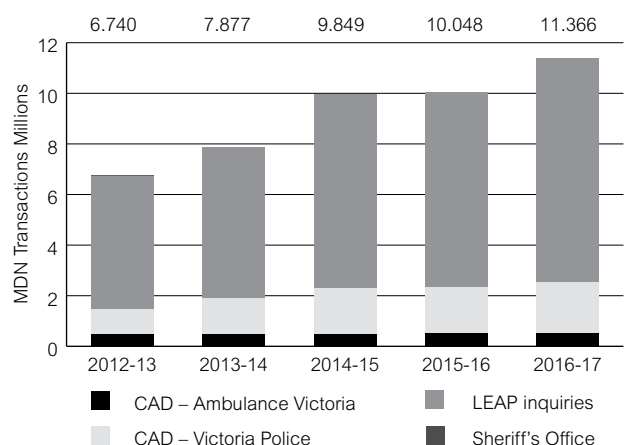
### MANAGED SERVICES

There is strong demand for ESTA's managed services: the MDN, MMR and EAS. Compared with the previous year, EAS has experienced nine per cent growth on the back of significant increases in non-emergency messages, MMR has seen a two per cent growth, and MDN has grown by nearly 13 per cent, fuelled largely by increases in Victoria Police activity. This continues to reflect future trends towards providing data services over voice services.

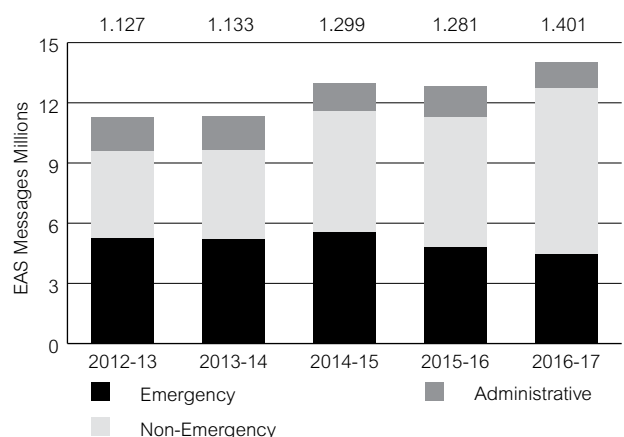
#### MMR



#### MDN



#### EAS



In 2016-17, ESTA's Managed Services area has been heavily influenced by the state's overarching Emergency Management Operational Communications (EMOC) program. We have been renegotiating both the MMR and EAS contracts with the existing service providers over the past 12 months to align with the state's long-term EMOC program strategy and principles. To ensure continuity of the existing services while negotiations progress, ESTA, in its role of contract manager, exercised the state's contract extension rights under both arrangements. Accordingly, the MMR contract has been extended to July 2018 and the EAS contract extended to November 2017.

#### MMR

As well as the MMR contract negotiations, a major program completed in 2016-17 was the microwave upgrade program at a cost of \$7.5 million. This included the upgrade and swap-out of 102 microwave links, which was successfully deployed on time and with no interruption to service.

Another significant achievement in 2016-17 was the Victorian Police Protective Service Officers (PSO) radio coverage at metropolitan train stations. Poor radio communication coverage was rectified at 10 of the state's major train stations, ensuring PSO safety would not be compromised due to radio blackspots.

Finally, ESTA has secured government funding to fix several priority radio coverage areas across the state. Preparatory work has begun, with the service provider to consider technical options for these and other priority sites.

#### MDN

ESTA, in conjunction with EMV and the emergency services agencies, agreed to extend the MDN contract for two years in accordance with provisions within the current contract, taking the contract term to March 2019. A key consideration of exercising this extension is the proposed migration of the MDN narrowband data network on to the MMR network. This will provide significant cost saving to the state.

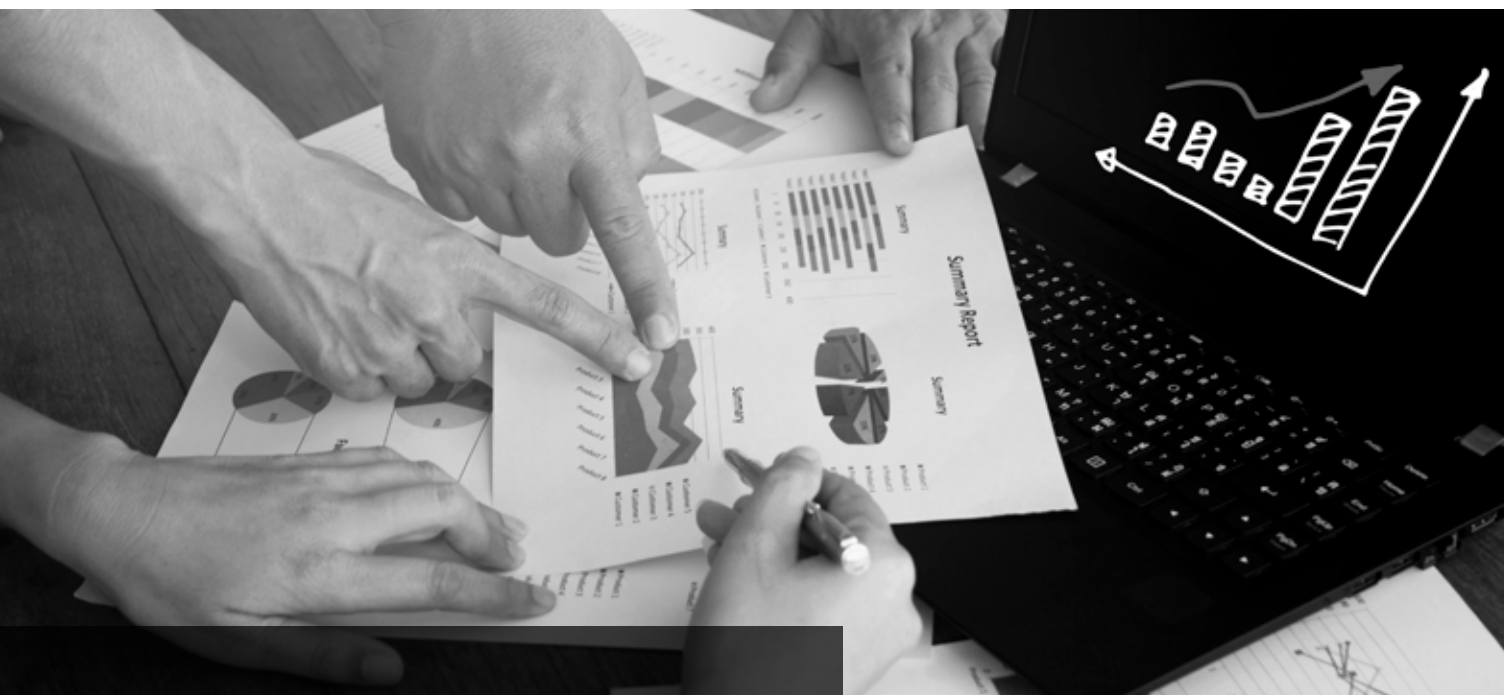
As a part of the MDN Upgrade and Transformation Project, significant progress has been made with sourcing a replacement device for the existing mobile data terminal which is no longer in production.

#### EAS

As outlined above, the EAS service is being renegotiated as the current contract expires in November 2017.

ESTA is working with Ambulance Victoria to move its metropolitan operational services on to the EAS network.

# FINANCIAL PERFORMANCE



ESTA CONTINUED TO UNDERTAKE SIGNIFICANT FINANCIAL GOVERNANCE REFORM DURING 2016-17, TO IMPROVE ITS FINANCIAL MANAGEMENT AND PERFORMANCE.

Demand for ESTA's services continues to grow so ESTA has worked closely with government and emergency service organisations to manage its resources sustainably. ESTA continued to undertake significant financial governance reform during 2016-17, to improve its financial management and performance by delivering on a range of efficiency and cost-control measures, and ensuring a stronger emphasis on service delivery.

The outcomes from ESTA's financial governance reform were supported by additional assistance from government, and underpinned an improved financial position at 30 June 2017.

## FINANCIAL RESULTS

### Net result

For 2016-17, the net result was \$8.2 million, which represented a \$9 million improvement on the same result from 2015-16 (\$0.9 million loss) and was impacted by timing issues affecting the profile of labour expenditure and the recognition of depreciation on state contracts that ESTA manages. ESTA's net assets increased by \$8.2 million to \$32 million at 30 June 2017 (\$23.8 million at 30 June 2016), reflecting a strong focus on cash management during the year.

ESTA's 2016-17 annual financial statements are included in this Annual Report. The organisation's consolidated net result reflects a combination of its three lines of business:

- > call-taking and dispatch – emergency and non-emergency call-taking and dispatch operations and related support functions
- > operational communications – state service contracts managed by ESTA on behalf of the Department of Justice and Regulation
- > projects – agency requested works that are recovered on a fee-for-service basis.

Table one: Net result by line of business

(\$'000)	2014-15	2015-16	2016-17
Call-taking and dispatch	(12,513)	(238)	10,209
Operations communications	(4,197)	(822)	(1,358)
Projects (fee for service)	(917)	189	(681)
<b>Total net result</b>	<b>(17,627)</b>	<b>(871)</b>	<b>8,170</b>

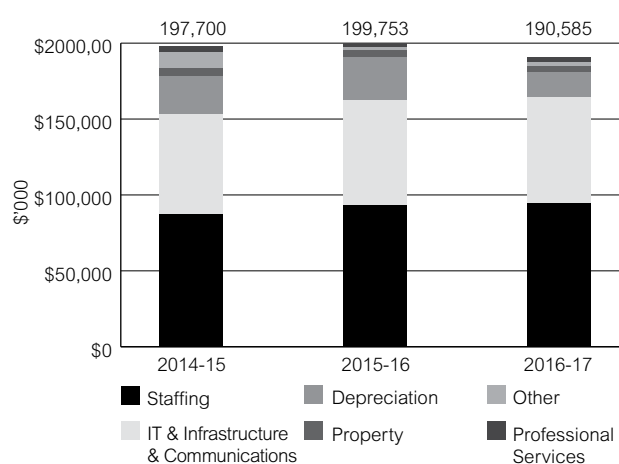
## FINANCIAL PERFORMANCE

### Expenses

Total expenses in 2016-17 were \$190.6 million and mainly comprised staffing and ICT-related costs. During the year, expenditure reduced by five per cent, mainly reflecting a scheduled lower level of depreciation associated with assets delivered via state contracts that ESTA manages. ESTA's underlying cost base is subject to significant year-on-year fluctuations in relation to the accounting of these contracts.

There has been a slight growth in operating expenses in 2016-17, mainly in the use of professional services and labour hire to deliver agency projects and to cover unplanned vacancies.

Figure one: Total expenses



### CASH AND LIQUIDITY

ESTA's total cash position at 30 June 2017 was \$32.5 million and is a significant improvement on previous years. As a result, the liquidity position has also improved with the two key cash metrics, number of week's cash and working capital ratio are now at or above benchmark levels.

Table two: Cash balance and liquidity

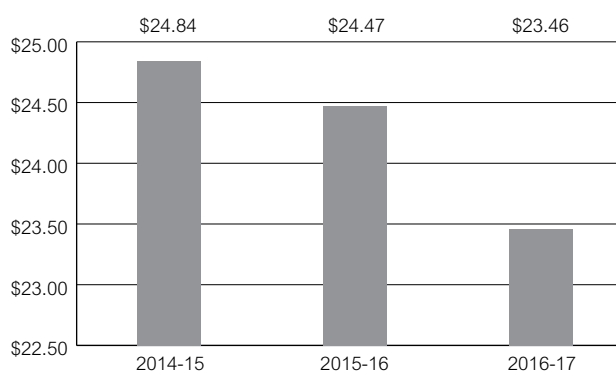
	June 2015	June 2016	June 2017
State managed contracts	17.4	12.6	8.2
Call-taking and dispatch (CTD)	8.3	11.2	24.3
<b>Cash balance (\$ million)</b>	<b>25.7</b>	<b>23.8</b>	<b>32.5</b>
CTD liquidity (number of weeks' cash)	3.3	4.5	9.7
Working capital ratio (current assets to current liabilities) : 1	0.8	0.9	1.6

The cash balance is predominantly earmarked for employee entitlements, urgent and minor capital works and amounts required under the provisions of communications contracts managed on behalf of the state.

### EFFICIENCY

The real cost per call-taking and dispatch event reduced by 4.1 per cent in 2016-17, from \$24.47 in 2015-16 to \$23.46, due to the realisation of labour-related savings.

Figure two: Cost per call (including dispatch events)<sup>3</sup>



ESTA's improved financial position will enable ESTA to invest in its people, processes and technology to deliver on its corporate plan goals and to deliver consistent and reliable services for the community and our emergency services partners.

3 2014-15 base price

# ENVIRONMENT



ESTA HAS SEEN A DECREASE IN CO<sup>2</sup> EMISSIONS AND AN INCREASE IN RECYCLING EFFORTS.

There were no significant operational changes during 2016-17 that influenced ESTA's environmental performance.

ESTA participates in the Emergency Management Climate Change Working Group, which is reviewing the Climate Change Act 2017 objectives and the State Government pledges. Additionally ESTA is working towards a renewed environment management strategy which will align with the government's pledges and commitments to climate change.

The nature of ESTA's 24-hour, year-round operations contributes to its energy consumption. ESTA relies highly on electrical equipment to provide call-taking and dispatch services to the community. It has a maintenance regime for its electrical and environmental infrastructure which helps improve efficiency and minimise unnecessary power usage.

## PAPER CONSUMPTION

Paper usage continues to decrease, reflecting the impact of 'follow me printing' which has been implemented across ESTA sites. This has helped reduce 'lost' printing and paper consumption. Furthermore, greater use and deployment of mobile devices and transparency through reporting has enabled analysis of usage which helps with further reduction in printing.

## ENVIRONMENT

### ENERGY AND FUEL CONSUMPTION

Electricity consumption increased across most of the reported measures on the previous financial year. This is largely due to business growth and by a delay in the installation of the power factor corrector at ESTA's largest site.

### WATER

Water consumption has increased on the previous financial year. Water metering is only available for the Ballarat and Tally Ho properties. The Docklands SECC is in a multi-tenanted building, and is not separately metered; consequently, water saving measures are not easily measured at this site. Consumption has been estimated on percentage of building occupied for the Docklands premises and may not be a true indication of ESTA's water consumption. ESTA has had several plumbing issues during the year at Tally Ho and Ballarat sites which would have contributed to the increase in usage.

### WASTE

ESTA's waste measurement is undertaken by audit samples. ESTA has seen a decrease in CO<sup>2</sup> emissions during this reporting period. The measures also show an increase in ESTA's contribution towards recycling. This program is being reinvigorated in 2017-18 and is expected to result in less land fill waste and more recycled items.

### TRANSPORT

The ESTA operational vehicle fleet comprises four vehicles which are procured through the State Government VicFleet agency. The fleet consists of sedans and station wagons which are either fuelled by petrol or hybrid. ESTA employees use operational vehicles to travel between the operating centres, to attend meetings with suppliers or customers and to review transceiver sites as part of their responsibilities.

ESTA uses the State Government travel supplier when booking any air or rail travel. This usage is included in the calculations of this report. In addition to these actions, employees travelling between the Ballarat and the Docklands centres are encouraged to use public transport. ESTA uses video conferencing to reduce travel between sites for meetings.

### SUSTAINABLE PROCUREMENT

ESTA's procurement strategy continues to include environmentally sustainable procurement activities, including environmental weighting factors in tender evaluations. As a matter of policy, ESTA considers recycling goods that are no longer required, including via donation, and it also ensures suppliers to dispose of goods by environmentally sound methods and provide reports of this work. These activities were in line with Victorian Government Procurement Board guidelines for recycling goods.

### GHG EMISSIONS

ESTA's GHG emissions per FTE increased slightly during this reporting period.

Environment Aspect	Description	Unit of Measurement	Financial Year 2016 - 17	Financial Year 2015 - 16
Paper	% Recycled	%	100%	N/A
	Use per FTE	Reams per FTE	3.2	3.5
	Total use	Reams	2,432	2,628
	Total GHG emissions	Tonnes CO <sup>2</sup> equivalent	8.5	9.2
Energy	Use per FTE	Mega joules per FTE	21,041	20,009
	Use per square metre of office space	Mega joules per m <sup>2</sup>	1,636	1,535
	Total use	Mega joules	16,201,529	14,914,883
	Total GHG emissions	Tonnes CO <sup>2</sup> equivalent	5,308	4,886
	Green power	%	0	0
Water	Consumption per FTE	Kilolitres per FTE	5.8	5.5
	Total consumption	Kilolitres	4,454	4,122
	Total GHG emissions	Tonnes CO <sup>2</sup> equivalent	10.4	9.6
Waste*	Generated per FTE	Kilograms per FTE	53	55
	Total recycled	%	35	33
	Waste disposed of by destination			
		Landfill (kg)	27,078	
		Commingled (kg)	6,109	
		Cardboard/paper (kg)	7,531	
	Total GHG emissions	Tonnes CO <sup>2</sup> equivalent	44.9	57.0
Transport **	Fuel	Litres	6,454	7,254
	Operational kilometres travelled	Km	73,336	82,447
	Vehicle emissions	Tonnes CO <sup>2</sup> equivalent/1000km	0.32	0.36
	Air travel in kilometres	Km	37,375	
	Total GHG emissions	Tonnes CO <sup>2</sup> equivalent	24.2	14.7
GHG Emissions	Total GHG emissions for Fin. Year	Tonnes CO <sup>2</sup> equivalent	5,396	4,977
	Total GHG emissions per FTE	Tonnes CO <sup>2</sup> equivalent	7.0	5.0
FTE			770	745

\* Waste is sampled two days in the year.

\*\* ESTA used 6 and 4 cylinder petrol, hybrid power and diesel vehicles during this reporting period

# CORPORATE GOVERNANCE

## Emergency Services Telecommunications Authority and Committees

ESTA's corporate governance is oversighted by its Authority, supported by four specialist sub-Committees. The Government appointed four new Authority Members during the year.

ESTA membership during 2016-17 comprised:

### Mr Howard Ronaldson (Chairman)

Howard Ronaldson was appointed full-time Chairman at ESTA in January 2016. Prior to the appointment he served as Administrator at Ambulance Victoria. Mr Ronaldson has extensive experience at the most senior level of government administration. He was Secretary of the Department of Innovation Industry and Regional Development in from 2008 to 2014. Prior to joining DIIRD, Mr Ronaldson was Secretary of the Department of Infrastructure, a position he held from December 2002. He also held senior executive positions in the Department of Premier and Cabinet, and as the Director of Gaming, the Director of Crown Lands and the Director of Housing in Victoria. He also worked in Canberra as the Chief Executive and Under Treasurer of the Department of Treasury, Australian Capital Territory and is currently a Non-Executive Director of Neurosciences Victoria. Mr Ronaldson also Chairs the ESTA Advisory Committee and is a Member of its Finance Committee.

### Ms Siobhan Boyd-Squires (Member)

Appointed as a Member of ESTA in November 2016, Siobhan Boyd-Squires has held senior roles in health services, insurance and public sector agencies with a focus on government relations, operational policy and implementing significant legislative reforms. Ms Boyd-Squires currently serves as a Sessional Member of the Victorian Civil and Administrative Tribunal's Occupational and Business Regulation List, and has until recently lead the implementation of the new compliance and enforcement functions of the Commission for Children and Young People. She provides consulting services to employers focused on dispute resolution, safety systems and injury management, and is currently engaged by the Department of Health and Human Services to support the implementation of new regulatory requirements designed to better protect children from abuse. She is a registered physiotherapist, a nationally accredited mediator and holds Masters degrees in both Law and Public Health. Ms Boyd-Squires has previously served as a statutory Conciliation Officer for the Accident Compensation Conciliation Service where she resolved disputes pertaining to workers compensation, and as an Audit and Risk Executive Committee Member for the Inner South Community Health Service. She is a Member of ESTA's Audit and Risk Management and Compliance Committee.

### Ms Christine Collin (Member)

Appointed as a Member of ESTA in May 2015, Christine Collin provides consultancy services to the NAB. She has held senior roles in management consulting with KPMG where she worked with a variety of business and government clients, assisting them with strategy and operations, customer experience and business transformation. Prior to KPMG Ms Collin was with United Energy and then AGL for 12 years in various leadership positions including General Manager for AGL's Retail Operations. Ms Collin has served as a member of key energy industry organisations including Energy and Water Ombudsman Victoria Board member and Energy and Water Ombudsman New South Wales Board member. She has also worked with the Victorian Chamber of Commerce and Industry where she managed government funded programs linking industry with education. Ms Collin Chairs ESTA's ICT Committee.

### Ms Mary Delahunty (Member)

Appointed as a Member of ESTA in August 2015, Mary Delahunty has held senior roles in financial services and superannuation. She is currently the General Manager Business Development and Policy at industry superannuation fund HESTA. Ms Delahunty was elected as a Councillor at the City of Glen Eira in 2012 and is currently serving as Mayor of the municipality. Ms Delahunty has also served as a Board Member and Chair at Reclink Australia, a national charitable organisation providing sporting, social and arts activities to support people experiencing disadvantage. In 2011, Ms Delahunty was the recipient of the Perpetual Foundation Company Directors Scholarship with the Australian Institute of Company Directors. Ms Delahunty Chairs ESTA's Finance Committee and is also a Member of its Audit, Risk Management, and Compliance Committee.

**Ms Peita Duncan (Member)**

Appointed as a Member of ESTA in November 2016, Peita Duncan is the Co-founder and Director of recruitment and consultancy group, Xcelerate Consulting, providing services in human resources, business development, general management and recruitment primarily for professional services. She also serves as a Non-Executive Director for Greyhound Racing Victoria, having previously been a Director of the Meadows Greyhound Racing Club, of Sacré Cœur girls school Glen Iris, and of the Cincinnati Club in Cincinnati Ohio. Ms Duncan also served as President of Inspire - Women of North Melbourne Football Club. With a background in marketing, communications and business development, Ms Duncan has held a number of roles at leading law firms Minter Ellison, Rigby Cooke, TressCox and in the education sector with DeakinPrime. She is a Member of ESTA's Audit, Risk Management, and Compliance Committee.

**Ms Flavia Gobbo (Member)**

Appointed as a Member of ESTA in February 2017, and as ESTA's Chair at the commencement of the 2017-18 financial year, Flavia Gobbo is a highly experienced legal practitioner and company director. She currently serves as the Chairperson of WorkCover Queensland and was previously Chair of QComp, the former Workers Compensation Regulator in Queensland. Ms Gobbo is also the Deputy Chair of Rowing Australia, and holds Directorships with Employers Mutual Ltd and SecondBite. Admitted as a legal practitioner of the Supreme Court of Victoria, Supreme Court of Queensland and the High Court of Australia, Ms Gobbo has extensive experience as a corporate lawyer. She was a member of Telstra Legal Services Senior Leadership team and held a number of senior roles at Telstra Corporation over 15 years. Ms Gobbo is a graduate of the Australian Institute of Company Directors.

**Mr Toby Hemming (Member)**

Appointed as a Member of ESTA in November 2016, Toby Hemming is a qualified lawyer and company secretary with significant experience in the Victorian public sector. He currently works as the Senior Executive Adviser to the Chief Judge of the County Court of Victoria and is a Non-Executive Director on the board of the Victorian Managed Insurance Authority (VMIA). Mr Hemming is also on the VMIA's Remuneration & Capability, and Risk Committees. Previously, Mr Hemming worked as a senior solicitor in the public sector practice of Hall & Wilcox Lawyers. Earlier, he worked as Chief of Staff and Senior Adviser to Victorian Government Ministers across a range of portfolios, including Finance, Water, Police, Emergency Services and Corrections. Mr Hemming's early career was in journalism in Melbourne and overseas. He is also a graduate of the Australian Institute of Company Directors. Mr Hemming is a Member of ESTA's ICT Committee.

**Mr Paul Henderson (Member)**

Appointed as a Member of ESTA in May 2015, Paul Henderson is a lawyer of 30 years' experience. He was a partner and director of Slater & Gordon Lawyers, retiring in February 2015. He was an accredited specialist in personal injury law with a particular interest in medical litigation. Mr Henderson has served on the Specialist Board of Examiners, various Law Institute and Court Committees. He is on the Board of the SpiritWest Foundation and the Advisory Board of the AFLPA Players Trust. He is a director of several private companies and is a graduate of the Australian Institute of Company Directors. Mr Henderson Chairs ESTA's Audit, Risk Management, and Compliance Committee.

## CORPORATE GOVERNANCE

### Committees

The Authority operated four Committees in 2016-17:

- > ESTA Advisory Committee;
- > Audit, Risk Management and Compliance Committee;
- > Finance Committee; and
- > Information and Communications Technology Committee.

#### ESTA Advisory Committee

The ESTA Advisory Committee is appointed by the Authority in accordance with Section 21 of the Emergency Services Telecommunications Act 2004. The functions of the Advisory Committee are to:

- (a) Advise the Authority of any specific requirements of, or issues relating to, the organisations represented on the committee; and,
- (b) Carry out any other functions that are conferred on the committee by this Act, by the regulations or by the Authority.

In 2016-17, the Advisory Committee comprised representatives from the following organisations:

- > Ambulance Victoria
- > CFA
- > DELWP
- > EMV
- > MFB
- > VICSES
- > Victoria Police

The Committee met four times during the year and was chaired by Mr Howard Ronaldson, Chair of the Authority, and attended by an IGEM observer.

#### Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee's priorities are to:

- > Focus on ESTA's major areas of risk and to monitor and review the actions, systems and processes in place to manage those risks;
- > Oversee and advise on matters of accountability and internal control; and
- > Review, ratify and oversee ESTA's audit and compliance activities including the scope of work, performance and independence of the internal auditor; and the scope of work and audit strategy of the external auditor.

Members of the Committee at 30 June were:

- > Mr Paul Henderson (Chair and Authority Member)
- > Ms Siobhan Boyd-Squires (Authority Member)
- > Ms Mary Delahunty (Authority Member)
- > Ms Peita Duncan (Authority Member)
- > Mr John Gibbins (External Committee Member)
- > Ms Kerry O'Brien (External Committee Member)
- > Mr John Rogan (External Committee Member)

#### Finance Committee

The priorities of the Finance Committee are:

- > The development and implementation of a base financial model to support forecasting, scenario planning;
- > Building a comprehensive understanding of costs; and
- > Achieving savings.

Members of the Finance Committee at 30 June were:

- > Mary Delahunty (Chair and Authority Member)
- > Howard Ronaldson (Authority Chair)

The meetings were also attended by advisers from the Department of Justice & Regulation, Mr Shaun Condron, Chief Financial Officer, succeeded by Mr Chris Breitzkreuz, and Mr Neil Robertson, Chief Executive Officer EMV, as well as Ms Deborrah Jepson, acting Chief Executive Officer EMV.

#### Information and Communications Technology Committee

The priorities of the Information and Communications Technology Committee are:

- > Identifying how ICT supports ESTA's strategy and what investments and forward planning are required to deliver on strategy and mitigate risk;
- > Monitoring and oversight of technology and relevant system delivery to ensure ESTA's ICT is robust and productive;
- > Monitoring and oversight of ICT risks; and
- > Understanding, monitoring and reviewing operational ICT costs and benchmarks, including investments.

Members of the Committee at 30 June were:

- > Ms Christine Collin (Chair and Authority Member)
- > Mr Toby Hemming (Authority Member)
- > Ms Julie Fahey (External Committee Member)
- > Mr Randall Straw (External Committee Member)

Mr Richard Tait resigned as an external committee member during the year.

## Attendance at Authority and Committee meetings

	Authority		ESTA Advisory Committee		Audit, Risk Management & Compliance Committee		Finance Committee		Information & Communications Technology Committee	
	A	B	A	B	A	B	A	B	A	B
<b>Authority Member Meeting Attendance</b>										
Howard Ronaldson	14	13	4	4			7	7		
Siobhan Boyd-Squires	10	10	-	*1	2	2				
Christine Collin	14	13							8	8
Mary Delahunty	14	12			4	2	7	6		
Peita Duncan	10	8	-	*1	2	2				
Flavia Gobbo	6	6	-	*1						
Toby Hemming	10	10							3	2
Paul Henderson	14	13			4	4				
<b>External Committee Member Meeting Attendance</b>										
Julie Fahey									8	8
John Gibbins					4	4				
Kerryn O'Brien					4	4				
John Rogan					4	4				
Randall Straw									8	8
Richard Tait									6	5

A – Number of meetings held during the time the Member held office during the period.

B – Number of meetings attended.

\* Member attended Committee meeting by invitation.

## CORPORATE GOVERNANCE

### Statutory information

ESTA reports on a number of specific activities undertaken during the year in line with reporting requirements.

### Publications

ESTA maintained a public website and also published information via Facebook, Twitter and Instagram throughout the year. An Annual Report for 2015-16 was published and presented to Parliament. ESTA also produced and distributed internal publications for its employees.

### National Competition Policy

ESTA complied with the Victorian Government's policy statement on competitive neutrality.

### Purchasing

All tenders undertaken within the year were consistent with the Victorian Government Purchasing Board policies and guidelines.

### Consultants

In 2016-17 there were 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total

expenditure incurred during 2016-17 in relation to these consultancies was \$2.34 million (ex GST). Details of these consultancies are outlined below.

Note: Consulting Services Listing from 01/07/16 to 30/06/17 based on Accrual Accounting.

There were four consultancies where the total fees payable to consultants were less than \$10,000. The total expenditure incurred during 2016-17 in relation to these consultancies was \$14,550 (ex GST). Details of these consultancies are outlined below.

Spending Under \$10K	
Vendor Names	Expenditure 2016-17 (ex GST)
Corrs Chambers Westgarth	\$6,596.60
Hunt & Hunt Lawyers	\$3,713.64
Corporate Scorecard	\$3,650.00
Gadens Lawyers	\$590.00
<b>Grand Total</b>	<b>\$14,550.24</b>

Details of consultancies (valued at \$10 000 or greater)		
Vendor Names	Purpose of Consultancy	Expenditure 2016-17 (ex GST)
Deloitte Touche Tohmatsu	Professional services relating to ESTA's Financial and Forecasting Model, future operations, and fraud management	\$1,508,158.17
MinterEllison	Legal advisory services on state managed contracts and a number of other legal engagements	\$374,622.77
PricewaterhouseCoopers	Thunderstorm Asthma event post-incident review; ambulance dispatch data analysis	\$93,131.06
Eiris Consulting Pty Ltd	Professional services provided in the review of state managed contracts, storage area network replacement, managed service requirements, and CAD alarm practices	\$75,600.00
Mercer Consulting (Australia) Pty Ltd	Provision of market and related data for employment matters, including classifications	\$41,000.00
Pitcher Partners	Review of risk management attestation and strategic risk development	\$40,333.98
UXC Professional Solutions Holdings Pty Ltd	Development of asset management policy	\$35,875.00
Baker & McKenzie	Legal advisory services relating to employment law	\$30,870.20
Hive Legal Pty Ltd	Legal advisory services relating to customer and vendor contracts	\$30,495.00
Anne Dalton & Associates	Probity advice for various contracts and tenders	\$30,058.45
Maddocks	Legal advisory services relating to amendment to the Administrative Arrangements	\$26,161.50
The Leadership Sphere Pty Ltd	Professional services for strategic and leadership development	\$22,000.00
Capability Network Pty Ltd	Facilitate the development of a target operating model for projects across ESTA	\$21,000.00
Victorian Government Solicitor's Office	Legal advisory services	\$15,375.20
<b>Grand Total</b>		<b>\$2,344,681.35</b>

## Information and communication technology expenditure

### *Details of information and communication technology (ICT) expenditure*

For the 2016-17 reporting period, ESTA had a total ICT expenditure of \$103.2 million, with the details shown below.

(\$ thousand)

All operational ICT expenditure		ICT expenditure related to projects to create or enhance ICT capabilities	
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
88,666	14,575	138	14,437

The majority of ESTA's ICT expenditure relates to the provision of voice and data communications services to Victoria's emergency services organisations.

ICT expenditure refer to ESTA's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing ESTA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

### Freedom of Information

ESTA is subject to the *Freedom of Information Act 1982* (Vic) and made documents and information available to the community in accordance with the Act.

The designated person for the purpose of the Act was the ESTA Chief Executive Officer

People wanting access to ESTA documentation under the *Freedom of Information Act 1982 (FOI Act)* should write to:

Corporate Secretary  
Emergency Services Telecommunications Authority  
Level 1, 33 Lakeside Drive  
East Burwood VIC 3151

General inquiries about Freedom of Information can be made by telephoning the Corporate Secretary on (03) 8656 1200 between 8.30 am and 5.00 pm, Monday to Friday or via email [info@esta.vic.gov.au](mailto:info@esta.vic.gov.au)

ESTA responded to 34 FOI requests during 2016-17 compared to 71 in 2015-16.

### Ministerial Authorisation

ESTA also relies on Ministerial Authorisations to release information that would otherwise be confidential under the *Emergency Services Telecommunications Authority Act 2004 (ESTA Act)*. The Authorisations allows ESTA, in certain circumstances, to release triple zero call audio, and information for the purposes of:

- > Educating the community or any section of the community about the role of and the services offered by, the Authority;
- > Promoting public health and safety;
- > Responding to complaints, enquiries or compliments about or relating to the Authority, a member of or acting member of the Authority or an employee of the Authority;
- > Support for the staff of the Authority, which may include commendations or other recognition; and
- > Responding to requests for access to records under the *FOI Act* so far as the exemptions contained in that Act (other than that contained in s 38 of that Act) do not apply to the information.

### Victoria's Charter of Human Rights and Responsibilities

ESTA seeks to act consistently with the human rights set out in the Victorian Charter of Human Rights and Responsibilities. The Charter sets out the basic rights, freedoms and responsibilities of all people in Victoria. It recognises that in some circumstances, some rights may be limited, and ESTA aims to ensure its provision of emergency services communications assistance to the community is consistent with the Charter and exceptions are limited to those that are necessary and reasonable.

### Privacy legislation

ESTA is subject to the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001* and is committed to protecting the privacy of all personal and health information it collects and handles.

## CORPORATE GOVERNANCE

ESTA uses personal information provided for responding to emergencies and related activities. This information may also be used for research and statistical analysis purposes.

ESTA operates telephone call recording equipment. Recordings may be provided to emergency services agencies, law enforcement bodies, the Courts and judicial officers or may be used for purposes authorised by the *Telecommunications Act*, the *ESTA Act* and Ministerial Authorisations.

Information about ESTA's privacy policies and practices is available on its website [esta.vic.gov.au](http://esta.vic.gov.au). ESTA welcomes any queries about its approach to privacy. People wanting to make a privacy inquiry may write to:

Corporate Secretary  
Emergency Services Telecommunications Authority  
Level 1, 33 Lakeside Drive  
East Burwood VIC 3151

### Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and protecting them when they do.

The Emergency Services Telecommunications Authority is committed to the aims and objectives of the *Protected Disclosure Act 2012*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct. The Emergency Services Telecommunications Authority will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure.

Procedures for making a disclosure under this Act are publicly available on The Emergency Services Telecommunications Authority website at <http://www.esta.vic.gov.au>

One disclosure was received by ESTA under Part 2 of the Protected Disclosure Act during the 2016-17 financial year. It was notified to the Independent Broad-based Anti-corruption Commission under section 21(2) of the Act.

### Discrimination

ESTA and its employees will not discriminate, directly or indirectly, in relation to:

- > employment, including recruitment, selection, promotion, transfer, assessments, remuneration, conditions of service, training, staff discipline and termination of employment;
- > the opportunity for staff to compete and apply their abilities, aptitude and knowledge; or
- > the conduct of its business.

### Bullying and harassment

ESTA will not tolerate any bullying or harassing behaviour towards another person or a group of people, or any behaviour that is unwanted or unwelcome and uninvited and is likely to offend, embarrass, insult, humiliate or intimidate another person or a group of people.

ESTA has policies and procedures in place that detail arrangements for the reporting of any discrimination, bullying or harassment to line managers, more senior managers, or People and Culture representatives, and for the investigation and resolution of these matters. ESTA implemented a Zero Tolerance Bullying program, including a revised policy, manager toolkits, communication and reference materials for all employees. A customised training package will be delivered to every staff member in 2017-18.

### People with a disability

ESTA values diversity within its workforce and the community it serves, including responding to the needs of people with a disability.

ESTA's commitment to people with a disability and our responsibilities under the *Disability Discrimination Act 1992* include:

- > Promoting its Reasonable Adjustment Policy to improve access to employment opportunities within ESTA and the ongoing employment of employees with a disability;
- > Our ongoing review of employment and other organisation policies and procedures, to ensure they are compliant with the Disability Discrimination Act;
- > Ensuring access to all ESTA workplaces;
- > Providing a website that satisfies disability access standards; and
- > Providing access to publicly available ESTA documents in formats suitable for people with a disability.

### Risk management and insurance attestation

I, Flavia Gobbo certify that the Emergency Services Telecommunications Authority has complied with the *Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes*. The Authority's Audit, Risk Management, and Compliance Committee verifies this.



Flavia Gobbo  
Chair

# FINANCIAL STATEMENTS



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## AUTHORITY MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for the Emergency Services Telecommunications Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Emergency Services Telecommunications Authority at 30 June 2017.

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

We authorise the attached financial statements for issue on 28 August 2017.



Flavia Gobbo  
Chair<sup>4</sup>  
Melbourne  
28 August 2017



Ben Piper  
Chief Executive Officer (Acting)  
Melbourne  
28 August 2017



Jim Strilakos  
Chief Financial Officer  
Melbourne  
28 August 2017

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<sup>4</sup> Ms Flavia Gobbo replaced Mr Howard Ronaldson as Chair of the Emergency Services Telecommunications Authority on 9 August 2017, assuming accountability for signing the Authority Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration.

# COMPREHENSIVE **OPERATING** STATEMENT

for the financial year ended 30 June 2017	Notes	2017 \$'000	2016 \$'000
<b>Income from transactions</b>			
Revenue	2.1	198,405	199,406
<b>Total income from transactions</b>		<b>198,405</b>	<b>199,406</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	90,809	90,995
Depreciation and amortisation	4.1.2, 8.11	15,851	28,053
Other operating expenses	3.2	83,892	80,211
Interest expense	6.1.1	34	248
Transfer of EAS assets	3.3	-	246
<b>Total expenses from transactions</b>		<b>190,586</b>	<b>199,753</b>
<b>Net result from transactions (net operating balance)</b>		<b>7,819</b>	<b>(347)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	8.2	2	(13)
Other gains/(losses) from other economic flows	8.2	349	(511)
<b>Total other economic flows included in net result</b>		<b>351</b>	<b>(524)</b>
<b>Net result</b>		<b>8,170</b>	<b>(871)</b>
<b>Comprehensive result</b>		<b>8,170</b>	<b>(871)</b>

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

# BALANCE SHEET

as at 30 June 2017	Notes	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	1,814	11,499
Short term investments	6.3	30,721	12,278
Receivables	5.1	8,496	19,059
<b>Total financial assets</b>		<b>41,031</b>	<b>42,836</b>
<b>Non-financial assets</b>			
Other non-financial assets	5.2	2,265	1,420
Plant and equipment	4.1, 8.11	19,656	26,610
Intangible assets	4.2, 8.11	2,000	5,452
<b>Total non-financial assets</b>		<b>23,921</b>	<b>33,482</b>
<b>Total assets</b>		<b>64,952</b>	<b>76,318</b>
<b>Liabilities</b>			
Payables	5.3	14,991	33,887
Borrowings	6.1	124	2,037
Provisions	3.1.2, 5.4	17,880	16,607
<b>Total liabilities</b>		<b>32,995</b>	<b>52,531</b>
<b>Net assets</b>		<b>31,957</b>	<b>23,787</b>
<b>Equity</b>			
Accumulated surplus/(deficit)	8.4, 8.11	(45,868)	(54,065)
Contributed capital	8.4, 8.11	72,671	72,671
Contract contingency reserve	8.4, 8.11	5,154	5,181
<b>Net worth</b>		<b>31,957</b>	<b>23,787</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 30 June 2017	Notes	Accumulated surplus/ (deficit)	Contributed Capital	Contract Contingency Reserve	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015		(35,335)	55,864	4,129	24,658
Net effect of correction of error	8.11	(16,807)	16,807	-	-
<b>Restated balance at 1 July 2015</b>		<b>(52,142)</b>	<b>72,671</b>	<b>4,129</b>	<b>24,658</b>
Net result for the year		(871)	-	-	(871)
Capital appropriations		-	-	-	-
Transfer to Contract contingency reserve	8.4	(1,052)	-	1,052	-
<b>Balance at 30 June 2016</b>		<b>(54,065)</b>	<b>72,671</b>	<b>5,181</b>	<b>23,787</b>
Net result for the year		8,170	-	-	8,170
Capital appropriations		-	-	-	-
Transfer from Contract contingency reserve	8.4	27	-	(27)	-
<b>Balance at 30 June 2017</b>		<b>(45,868)</b>	<b>72,671</b>	<b>5,154</b>	<b>31,957</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# CASH FLOW STATEMENT

for the financial year ended 30 June 2017	Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		56,519	42,088
Receipts from customers		163,710	159,628
Interest received		682	536
<b>Total receipts</b>		<b>220,911</b>	<b>202,252</b>
<b>Payments</b>			
Payments to suppliers and employees		(200,714)	(171,966)
Goods and Services Tax paid to the ATO		(4,081)	(5,349)
<b>Total payments</b>		<b>(204,795)</b>	<b>(177,315)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.3.2</b>	<b>16,116</b>	<b>24,937</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(5,697)	(19,396)
Sales of non-financial assets		318	111
<b>Net cash flows from/(used in) investing activities</b>		<b>(5,379)</b>	<b>(19,285)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings and finance leases		(1,979)	(7,527)
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,979)</b>	<b>(7,527)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,758</b>	<b>(1,875)</b>
Cash and cash equivalents at the beginning of the financial year		23,777	25,652
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.3</b>	<b>32,535</b>	<b>23,777</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ABOUT THIS REPORT

The Emergency Services Telecommunications Authority (ESTA) is a statutory authority created by the *Emergency Services Telecommunications Act 2004* and commenced operations on 1 July 2005.

ESTA's principal address is:

ESTA  
33 Lakeside Drive  
Burwood East VIC 3151

A description of the nature of ESTA's operations and its principal activities is included in the Report of Operations which does not form part of these financial statements.

### 1.1 Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

The financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- > Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- > The fair value of an asset other than land is generally based on its depreciated replacement value; and

- > Net Present Value assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

Consistent with AASB 13 *Fair Value Measurement*, ESTA determines the policies and procedures for both recurring fair value measurements such as plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and therefore, do not form part of the income and expenses of ESTA. Additions to the net asset which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the settlement of liabilities in the normal course of business. These financial statements cover ESTA as an individual reporting entity.

Operating and cash flow budgets for the forthcoming year indicate that ESTA is able to continue to operate as a going concern, as it has received additional baseline funding as part of the 2017-18 State Budget.

The accounting policies set out below have been applied in preparing the statements for the year ended 30 June 2017 and the comparative information presented for the year ended 30 June 2016.

### 1.2 Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AASs which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

## NOTES TO THE FINANCIAL STATEMENTS

### 1.3 Scope and presentation of financial statements

#### Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

'Other economic flows' are changes arising from market remeasurements. They include:

- > gains and losses from disposals of non-financial assets;
- > revaluations and impairments of non-financial physical and intangible assets; and
- > gains and losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

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

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (ABS Catalogue No. 5514.0).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

#### Balance sheet

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

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if ESTA does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

#### Cash flow statement

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

#### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movement in equity' related to 'Transactions with owner in its capacity as owner'.

#### Rounding of amounts

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

## 2. FUNDING OF OUR SERVICES

ESTA is predominantly funded by service charges levied upon the Emergency Services Organisations.

These charges are approved by the Minister for Emergency Services.

ESTA's main purpose is to get the right response to the right place within the right time for every emergency.

### 2.1 Income from transactions

	Note	2017 \$'000	2016 \$'000
Call-taking and dispatch (CTD) services revenue		119,751	110,555
Project revenue (excluding the transfer of EAS asset revenue)		3,779	2,914
Transfer of EAS assets	3.3	-	246
State service contracts revenue		72,464	83,701
Other operating revenue		1,729	1,436
Interest on deposits		682	554
<b>Total Income from transactions</b>		<b>198,405</b>	<b>199,406</b>

#### Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. As noted in the Statement of Compliance, due to the nature of different revenue sources and purposes, the treatment of revenue can be guided by either AASB 118 *Revenue* or AASB 1004 *Contributions*. Compliance with Accounting Standards for recognition of grant income may result in revenue and matching expenditure being recognised in different periods.

#### Revenue from the provision of services

The service charges levied upon the Emergency Services Organisations for both CTD services and the State contracts form a fixed monthly fee and are therefore recognised monthly. Other ad hoc charges for work undertaken as requested by the Emergency Services Organisations are recognised at the time when services have been rendered or goods have been supplied.

#### Interest revenue

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised using the effective interest method which allocates the interest over the relevant period.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. THE COST OF DELIVERING SERVICES

#### Introduction

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

#### Structure

- 3.1 Expenses incurred in the delivery of services
- 3.2 Other operating expenses
- 3.3 Transfer of EAS assets

#### 3.1 Expenses incurred in the delivery of services

	2017	2016
	\$'000	\$'000
Employee benefit expenses	90,809	90,995
Other operating expenses	83,892	80,211
Transfer of EAS assets	-	246
<b>Total expenses incurred in the delivery of services</b>	<b>174,701</b>	<b>171,452</b>

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2017	2016
	\$'000	\$'000
Defined contribution superannuation expense	6,865	6,848
Termination benefits	445	1,586
Salaries and wages, annual leave and long service leave	83,499	82,561
<b>Total employee expenses</b>	<b>90,809</b>	<b>90,995</b>

Employee expenses comprise all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, WorkCover premiums and superannuation contributions. These are recognised when incurred.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

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

### 3. THE COST OF DELIVERING SERVICES (CONTINUED)

#### 3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, time in lieu and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

#### Employee expenses and provision for outstanding employee benefits

	2017 \$'000	2016 \$'000
<b>Current</b>		
<b>Annual leave and time in lieu:</b>		
Unconditional and expected to be settled within 12 months	4,534	4,058
Unconditional and expected to be settled after 12 months	1,064	1,015
<b>Long service leave:</b>		
Unconditional and expected to be settled within 12 months	1,111	1,029
Unconditional and expected to be settled after 12 months	4,006	3,788
<b>On-costs:</b>		
Unconditional and expected to be settled within 12 months	852	926
Unconditional and expected to be settled after 12 months	804	607
<b>Total current employee benefits and on-costs</b>	<b>12,371</b>	<b>11,423</b>
<b>Non-current</b>		
Conditional long service leave	2,765	2,227
On-costs	452	357
<b>Total non-current provisions</b>	<b>3,217</b>	<b>2,584</b>
<b>Total provisions for employee benefits</b>	<b>15,588</b>	<b>14,007</b>

#### Reconciliation of movement in on-costs provision

	2017 \$'000
<b>Opening balance</b>	<b>1,890</b>
Additional provisions recognised	943
Additions due to transfer in	-
Reductions arising from payments/other sacrifices of future economic benefits	(1,067)
Unwind of discount and effect of changes in the discount rate	342
<b>Closing balance</b>	<b>2,108</b>
Current	1,656
Non-current	452

## NOTES TO THE FINANCIAL STATEMENTS

### 3. THE COST OF DELIVERING SERVICES (CONTINUED)

#### Wages and salaries, annual leave and time in lieu

Liabilities for wages and salaries, including non monetary benefits annual leave, time in lieu and on-costs, are all recognised in the provision for employee benefits as 'current liabilities', because ESTA does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As ESTA expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave and time in lieu liabilities are classified as a current liabilities and measured at the undiscounted amount expected to be paid, as ESTA does not have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

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

#### Long Service Leave

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

Unconditional LSL is disclosed as a current liability even where ESTA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- > nominal value - if ESTA expects to wholly settle within 12 months; and
- > present value - if ESTA does not expect to wholly settle within 12 months.

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

This non current LSL liability is measured at present value.

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

#### 3.1.3 Superannuation expenses

All ESTA employees are entitled to benefits under accumulation funds. Employees are covered under Vic Super, Australian Super or in the case of some employees, their own self-managed superannuation schemes. Employees have the opportunity to make personal contributions to the funds at a self-nominated rate or amount. The employer contributions to the fund, pursuant to the Superannuation Guarantee Charge, was 9.5 per cent for the period 1 July 2016 and 30 June 2017.

	2017 \$'000	2016 \$'000
<b>Employer contributions</b>		
Australian Super	629	655
Vic Super	5,117	4,824
Other superannuation funds	1,067	1,039
<b>Total employer contributions</b>	<b>6,813</b>	<b>6,518</b>
 Outstanding contributions	 52	 102
<b>Total</b>	<b>6,865</b>	<b>6,620</b>

Note: ESTA has no unfunded liability at the end of the period. There were no loans made between any of the superannuation funds and ESTA during the period.

### 3. THE COST OF DELIVERING SERVICES (CONTINUED)

#### 3.2 Other operating expenses

	Note	2017 \$'000	2016 \$'000
Staff costs other		940	1,257
Contractors and professional services		6,594	3,789
Communications		4,197	4,499
Information technology and infrastructure		7,400	7,082
Payments under state service contracts		58,431	57,248
Property		4,577	4,756
Office equipment		627	486
Travel and accommodation		135	147
Stationery		88	110
Finance and insurance costs		397	365
Audit services		329	383
Bad debts from transactions		-	-
Ex-gratia expense	8.1	10	-
Other		167	89
<b>Total other operating expenses</b>		<b>83,892</b>	<b>80,211</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and includes supplies and services costs, which are recognised as an expense in the reporting period in which they are incurred.

Audit fees of \$33,000 in 2017 (\$32,800 in 2016) were paid or payable to the Victorian Auditor-General's Office for the audit of the Annual Financial Report of ESTA.

#### 3.3 Transfer of Emergency Alert System (EAS) assets

	2017 \$'000	2016 \$'000
Transfer of EAS assets	-	246
<b>Total transfer of EAS assets</b>	<b>-</b>	<b>246</b>

Under the EAS operate and maintain contract commencing November 2012 (previously under a Public Private Partnership contract), the State now owns the assets. ESTA acquired, funded by the EAS Network Upgrade Project and transferred \$0.2m of assets to the Department of Justice and Regulation as assets given free of charge in 2016. This aligns to the Department of Justice and Regulation's treatment of assets received via free of charge transfer. These assets are part of an EAS Network upgrade project which was completed in July 2015.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. KEY ASSETS AVAILABLE TO SUPPORT ACTIVITIES

#### Introduction

This section outlines those assets that ESTA controls, reflecting investing activities in the current and prior years.

#### Structure

4.1 Plant and equipment

4.2 Intangible assets

#### 4.1 Plant and Equipment

Classified as 'Public safety and environment' Purpose Group - Carrying amounts

2017	Gross Carrying Amount	Accumulated Depreciation	Carrying Amount
	\$'000	\$'000	\$'000
Computers and communications equipment at fair value	68,184	(53,793)	14,391
Leased motor vehicles at fair value	153	(30)	123
Leased communications equipment at fair value	172,969	(172,969)	-
Plant and equipment at fair value	442	(429)	13
Leasehold improvements at fair value	17,019	(12,283)	4,736
Capital works in progress at cost	393	-	393
<b>Total Plant and Equipment</b>	<b>259,160</b>	<b>(239,504)</b>	<b>19,656</b>

2016	Gross Carrying Amount	Accumulated Depreciation	Carrying Amount
	\$'000	\$'000	\$'000
Computers and communications equipment at fair value (a)	55,613	(47,267)	8,346
Leased motor vehicles at fair value	198	(52)	146
Leased communications equipment at fair value	172,969	(171,147)	1,822
Plant and equipment at fair value	1,814	(1,787)	27
Leasehold improvements at fair value	17,046	(10,187)	6,859
Capital works in progress at cost	9,409	-	9,409
<b>Total Plant and Equipment</b>	<b>257,049</b>	<b>(230,440)</b>	<b>26,610</b>

- (a) The 2016 computers and communications equipment balance has been restated to separately disclose other intangible assets. Other intangible assets are now recognised as an intangible asset (refer to Note 8.11).

#### Recognition and Measurement

##### Initial Recognition

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The cost of leasehold improvements is capitalised when incurred.

## 4. KEY ASSETS AVAILABLE TO SUPPORT ACTIVITIES (CONTINUED)

### *Subsequent Measurement*

All non-financial physical assets are subsequently measured at fair value less accumulated depreciation and impairment. Non-financial physical assets are measured at fair value with regard to the asset's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

#### 4.1.1 Impairment

Assets are assessed annually for indications of impairment. This is undertaken during the asset stocktake. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow. The recoverable amount for assets is measured at the higher of depreciated replacement cost and fair value less cost to sell.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

#### 4.1.2 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Computers and communications equipment (a)	8,392	15,136
Leased motor vehicles	30	38
Leased communications equipment	1,822	7,307
Plant and equipment	14	19
Leasehold improvements	2,140	2,109
Software (a)	3,453	3,445
<b>Total Depreciation and amortisation</b>	<b>15,851</b>	<b>28,055</b>

- (a) The 2016 computers and communications equipment balance has been restated to separately disclose other intangible assets. Other intangible assets are now recognised as an intangible asset. This has caused a decrease in computers and communications equipment depreciation in 2016 and an increase in software amortisation in 2016 (refer to Note 8.11).

All plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for-sale) that have finite useful lives are depreciated. Leasehold improvements are depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements using the straight-line method.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. KEY ASSETS AVAILABLE TO SUPPORT ACTIVITIES (CONTINUED)

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

Asset	Useful life
Computers and communications equipment	3 years
Computers and communications equipment (under MMR/MDN contracts)	2 - 4 years (i)
Leased motor vehicles	1 - 3 years
Leased communications equipment	2 - 4 years (i)
Plant and equipment	5 - 10 years
Leasehold improvements	5 - 10 years
Software (Intergraph)	9 years
Software (Other)	3 - 9 years

(i) Based on the life of the contract.

The ESTA capitalisation threshold is \$5,000. The consequence of this threshold where a significant number of technology items used in the provision of services fall below this level is that expenditure on such items are accounted for in operating expenses.

#### 4.1.3 Classified as 'Public safety and environment' Purpose Group (i) - Movement in carrying amounts

2017	Computers and communications equipment at fair value (iv)	Leased motor vehicles at fair value	Leased communications equipment at fair value (ii)	Plant and equipment at fair value	Leasehold improvements at fair value	Capital work in progress at cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	8,346	146	1,822	27	6,860	9,409	26,610
Additions	-	66	-	-	-	6,107	6,173
Disposals	-	(59)	-	-	(260)	-	(319)
Depreciation/ amortisation expense	(8,392)	(30)	(1,822)	(14)	(2,140)	-	(12,398)
Transfer to expense	-	-	-	-	-	(410)	(410)
Capitalisation of works in progress	14,437	-	-	-	276	(14,713)	-
Closing balance	14,391	123	-	13	4,736	393	19,656

2016	Computers and communications equipment at fair value (iv)	Leased motor vehicles at fair value	Leased communications equipment at fair value (ii)	Plant and equipment at fair value	Leasehold improvements at fair value	Capital work in progress at cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	12,903	158	9,129	46	7,644	2,618	32,498
Additions	3,185	102	-	-	1,090	15,320	19,697
Disposals	-	(76)	-	-	(6)	-	(82)
Assets acquired on behalf of DJR	246	-	-	-	-	-	246
Assets transferred to DJR free of charge (iii)	(246)	-	-	-	-	-	(246)
Depreciation/ amortisation expense	(15,136)	(38)	(7,307)	(19)	(2,109)	-	(24,609)
Capitalisation of works in progress	7,395	-	-	-	241	(8,529)	(893)
Closing balance	8,346	146	1,822	27	6,860	9,409	26,610

## 4. KEY ASSETS AVAILABLE TO SUPPORT ACTIVITIES (CONTINUED)

ESTA classifies all of its assets within one purpose group - Public Safety and Environment

- (i) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that changes were not material for a full revaluation.
- (ii) On the transfer of the MMR and EAS contracts to ESTA, the Authority received \$122.3 mill of communications equipment under PPP arrangements and assumed the associated finance lease liabilities.
- (iii) ESTA acquired assets (funded by the EAS Network Upgrade Project) on behalf of the State. These assets were transferred to the State (Department of Justice and Regulation) free of charge during 2015-16.
- (iv) The 2016 computers and communications equipment balance has been restated to separately disclose other intangible assets. Other intangible assets are now recognised as an intangible asset. Refer to Note 8.11 for further details.

### 4.2 Intangible Assets

	CAD software licences		Other (a)		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>						
Opening balance	5,200	5,200	18,394	17,493	23,594	22,693
Additions	-	-	-	900	-	900
Disposals	-	-	-	-	-	-
Closing balance	5,200	5,200	18,394	18,394	23,594	23,594
<b>Accumulated amortisation and impairment</b>						
Opening balance	(4,219)	(3,636)	(13,922)	(11,060)	(18,141)	(14,696)
Amortisation	(578)	(580)	(2,875)	(2,865)	(3,453)	(3,445)
Impairment	-	-	-	-	-	-
Closing balance	(4,797)	(4,216)	(16,797)	(13,926)	(21,594)	(18,142)
<b>Net book value at the end of the financial year</b>	<b>403</b>	<b>984</b>	<b>1,597</b>	<b>4,468</b>	<b>2,000</b>	<b>5,452</b>

- (a) Other intangible assets (which includes a large variety of software used by ESTA in its operations) were being recognised as plant and equipment under the computers and communications equipment asset class. This has been adjusted retrospectively. Refer to Note 8.11 for further details.

#### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 136 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the following are demonstrated:

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4. KEY ASSETS AVAILABLE TO SUPPORT ACTIVITIES (CONTINUED)

#### Subsequent measurement

Intangible produced assets with finite useful lives are depreciated as an 'expense from transactions' on a straight line basis over their useful lives.

#### Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in section 4.1.1.

#### Significant intangible assets

ESTA has capitalised the CAD software licences. The carrying amount of the software licences is \$5.2 million. Its useful life is 9 years and will be fully amortised in 2018.

### 5. OTHER ASSETS AND LIABILITIES

#### Introduction

This section sets out other assets and liabilities that arise from the ESTA's operations.

#### Structure

- 5.1 Receivables
- 5.2 Other non-financial assets
- 5.3 Payables
- 5.4 Other provisions

#### 5.1 Receivables

	2017	2016
	\$'000	\$'000
<b><i>Contractual</i></b>		
Services	1,793	8,079
Accrued investment income	80	32
Provision for doubtful contractual receivables	-	-
Other receivables	5,311	7,896
	7,184	16,007
<b><i>Statutory</i></b>		
GST input tax credit recoverable	1,312	3,052
	1,312	3,052
<b>Total receivables</b>	<b>8,496</b>	<b>19,059</b>
<b>Represented by:</b>		
Current receivables	8,496	19,059
Non-current receivables	-	-

Trade receivables comprise almost exclusively amounts due from Victorian Government agencies. Receivables consist of:

- > Contractual receivables which are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.
- > Statutory receivables which do not arise from contracts and are recognised and measured similarly to contractual receivable (except for impairment), but are not classified as financial instruments.

Trade terms for general receivables are 14 days from date of invoice and 10 days for invoices related to the State Services contracts managed by ESTA. The latter terms are set out in Agency Agreements made between the Minister, the Emergency Service Organisations and ESTA.

## 5. OTHER ASSETS AND LIABILITIES (CONTINUED)

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

A provision is made for estimated irrecoverable amounts from services when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

ESTA reviewed all receivables during 2016-17 and did not identify any where a provision for doubtful debt or bad debt needed to be recognised (2015-16 nil).

### 5.1.1 Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>						
Services	1,793	1,771	21	1	-	-
Accrued investment income	80	80	-	-	-	-
Other receivables	5,311	5,311	-	-	-	-
<b>Total</b>	<b>7,184</b>	<b>7,162</b>	<b>21</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>2016</b>						
Services	8,079	7,872	-	207	-	-
Accrued investment income	32	32	-	-	-	-
Other receivables	7,896	7,896	-	-	-	-
<b>Total</b>	<b>16,007</b>	<b>15,800</b>	<b>-</b>	<b>207</b>	<b>-</b>	<b>-</b>

The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable).

There are no material financial assets that are individually determined to be impaired. ESTA does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amount as indicated.

### 5.2 Other non-financial assets

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Prepayments	1,884	1,206
<b>Total current other non-financial assets</b>	<b>1,884</b>	<b>1,206</b>
<b>Non-current</b>		
Prepayments	381	214
<b>Total non-current other non-financial assets</b>	<b>381</b>	<b>214</b>
<b>Total other non-financial assets</b>	<b>2,265</b>	<b>1,420</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 5. OTHER ASSETS AND LIABILITIES (CONTINUED)

#### 5.3 Payables

	2017 \$'000	2016 \$'000
<b>Contractual</b>		
Supplies and services	3,033	11,251
Unearned income	2,392	2,919
Accrued expenses	7,597	17,270
	<b>13,022</b>	<b>31,440</b>
<b>Statutory</b>		
Payroll tax payable	395	381
GST payable	1,574	2,066
	<b>1,969</b>	<b>2,447</b>
<b>Total payables</b>	<b>14,991</b>	<b>33,887</b>
<b>Represented by:</b>		
Current payables	14,991	33,887
Non-current payables	-	-

Payables consist of:

- > Contractual payables, such as accounts payable and unearned income. Accounts payable represent liabilities for goods and services provided to ESTA prior to the end of the financial year that are unpaid, and arise when ESTA becomes obliged to make future payments in respect of the purchase of those goods and services
- > Statutory payables, such as goods and services tax and fringe benefits tax payable.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Payables for supplies and services have an average credit period of 30 days.

#### 5.3.1 Maturity analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
<b>2017</b>						
Supplies and services	3,033	3,033	2,609	218	204	2
Other payables	7,597	7,597	7,597	-	-	-
<b>Total</b>	<b>10,630</b>	<b>10,630</b>	<b>10,206</b>	<b>218</b>	<b>204</b>	<b>2</b>
<b>2016</b>						
Supplies and services	11,251	11,251	8,123	3,072	56	-
Other payables	17,270	17,270	17,270	-	-	-
<b>Total</b>	<b>28,521</b>	<b>28,521</b>	<b>25,393</b>	<b>3,072</b>	<b>56</b>	<b>-</b>

The carrying amounts disclosed here exclude statutory amounts (e.g. payroll tax payable and GST payable).

## 5. OTHER ASSETS AND LIABILITIES (CONTINUED)

### 5.4 Other provisions

	2017 \$'000	2016 \$'000
<b>Current</b>		
Lease incentive (i)	95	95
<b>Total current provisions</b>	<b>95</b>	<b>95</b>
<b>Non-current</b>		
Lease incentive (i)	521	616
Make-good provision (ii)	1,676	1,889
<b>Total non-current provisions</b>	<b>2,197</b>	<b>2,505</b>
<b>Total other provisions</b>	<b>2,292</b>	<b>2,600</b>

- (i) The provision for the Lease incentive represents the value of the rent free period under the lease agreement at 33 Lakeside Drive, Burwood East.
- (ii) In accordance with the lease agreement at 33 Lakeside Drive, Burwood East and Level 3, 637 Flinders Street, ESTA must restore the premises and all services in the premises back to base building condition at the end of the lease term. A provision has been recognised for this purpose.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, using a discount rate that reflects the time value of money and risks specific to the provision.

#### 5.4.1 Reconciliation of movements in other provisions

	Lease incentive \$'000	Make-good provision \$'000	Total 2017 \$'000
<b>Opening balance</b>	711	1,889	2,600
Additional provision recognised	-	-	-
Reduction arising from payments	(95)	-	(95)
Reduction resulting from re-measurement	-	(203)	(203)
Unwind of discount and effect of changes in the discount rate	-	(10)	(10)
<b>Closing balance</b>	<b>616</b>	<b>1,676</b>	<b>2,292</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. HOW WE FINANCED OUR OPERATIONS

#### Introduction

ESTA's operations are financed through a variety of sources. Recurrent operations are generally financed from cash flows from operating activities (see cash flow statement). Asset investment operations are generally financed from a combination of surplus cash flows from operating activities, finance leases and contributions from owners.

This section provides information on the balances related to the financing of ESTA's operations, including financial commitments at year-end.

#### Structure

- 6.1 Borrowings
- 6.2 Finance Leases
- 6.3 Cash flow information and balances
- 6.4 Commitments for expenditure

#### 6.1 Borrowings

	2017 \$'000	2016 \$'000
<b>Current finance lease liability</b>		
- PPP related finance lease liability:		
Communications equipment	-	1,891
- Non-PPP related finance lease liability:		
Motor vehicles	35	54
<b>Total current finance leases</b>	<b>35</b>	<b>1,945</b>
<b>Non current finance lease liability</b>		
- PPP related finance lease liability:		
Communications equipment	-	-
- Non-PPP related finance lease liability:		
Motor vehicles	89	92
<b>Total non-current finance leases</b>	<b>89</b>	<b>92</b>
<b>Total finance leases</b>	<b>124</b>	<b>2,037</b>

Assets held under finance leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included on the balance sheet as a finance lease obligation.

Borrowings are secured by the assets leased. Finance leases are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

Leased assets relate primarily to assets transferred under PPP contracts and are amortised over the term of these contracts.

#### 6.1.1 Interest expense

	2017 \$'000	2016 \$'000
Finance lease interest	34	248
<b>Total interest expense</b>	<b>34</b>	<b>248</b>

Interest expense includes the interest component of finance lease repayments.

Interest expenses are recognised in the period in which they are incurred and include finance lease charges.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.1.2 Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>						
Finance lease liabilities	124	124	2	5	29	88
<b>Total</b>	<b>124</b>	<b>124</b>	<b>2</b>	<b>5</b>	<b>29</b>	<b>88</b>
<b>2016</b>						
Finance lease liabilities	2,037	2,037	333	468	1,183	53
<b>Total</b>	<b>2,037</b>	<b>2,037</b>	<b>333</b>	<b>468</b>	<b>1,183</b>	<b>53</b>

### 6.2 Finance leases

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>PPP related finance lease liabilities payable</b>				
Not longer than 1 year	-	1,925	-	1,891
Longer than 1 year but not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
<b>Other finance lease liabilities payable</b>				
Not longer than 1 year	39	60	35	54
Longer than 1 year but not longer than 5 years	92	94	89	92
Longer than 5 years	-	-	-	-
<b>Minimum finance lease payments</b>	<b>131</b>	<b>2,079</b>	<b>124</b>	<b>2,037</b>
Less future finance charges	(7)	(42)	-	-
<b>Present value of minimum lease payments</b>	<b>124</b>	<b>2,037</b>	<b>124</b>	<b>2,037</b>
Included in the financial statements as:				
Current borrowings lease liabilities (Note 6.1)			35	1,945
Non-current borrowings lease liabilities (Note 6.1.)			89	92
<b>Total</b>			<b>124</b>	<b>2,037</b>

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease.

The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and the periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

The PPP finance leases relate to communications equipment with a lease term of two to four years and the other finance lease relates to motor vehicles with a lease term of one to three years. ESTA has an option to purchase the former equipment at the expiry of the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

#### 6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

##### 6.3.1 Reconciliation of cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	1,814	11,499
Deposits at call	-	5,058
Term deposits	30,721	7,220
<b>Balance as per cash flow statement (i)</b>	<b>32,535</b>	<b>23,777</b>

(i) Balance as per cash flow statement include:

- > Provisions held for employee entitlements and funds held for specific funded projects.
- > Short term investments include non discretionary funds held for third parties. These are funds held in contingency reserves for the State managed contracts: MDN, MMR and EAS. The funds in reserves are quarantined specifically for the purpose under which these reserves has been established for State managed PPP and Operate and Maintain contracts. The balance of these reserves at 30 June 2017 is \$5.15 million (\$5.18 million in 2016).

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

	2017	2016
	\$'000	\$'000
<b>Net result for the period</b>	<b>8,170</b>	<b>(871)</b>
<b>Non-cash movements:</b>		
Depreciation and amortisation	15,851	28,053
Doubtful debts	-	-
Bad debts	-	-
<b>Movements included in investing and financing activities</b>		
Loss/(gain) on sale of assets	(2)	13
<b>Movements in assets and liabilities:</b>		
Decrease (increase) in receivables	10,563	(9,727)
Decrease (increase) in prepayments	(845)	431
Increase (decrease) in payables	(18,368)	7,220
Increase (decrease) in unearned income	(527)	(1,097)
Increase (decrease) in provisions	1,274	915
<b>Net cash flows from/(used in) operating activities</b>	<b>16,116</b>	<b>24,937</b>

##### 6.3.3 Non-cash financing and investing activities

During the reporting period ESTA acquired motor vehicles through a finance lease arrangement to the value of \$66k (\$80k in 2016). The assumption of the related assets and liabilities is not reflected in the cash flow statement.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### 6.4.1 Total commitments payable

	2017 \$'000	2016 \$'000
<b>(a) Capital expenditure commitments</b>		
Total capital expenditure contracted for the purchase and implementation of infrastructure at balance date but not provided for in the accounts.		
Not longer than 1 year	5,450	103
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<b>5,450</b>	<b>103</b>
<b>(b) Property lease commitments</b>		
Commitments in relation to property leases contracted for at the reporting date but not recognised as liabilities, payable.		
Not longer than 1 year	3,081	3,086
Longer than 1 year and not longer than 5 years	11,711	13,134
Longer than 5 years	3,473	5,915
	<b>18,265</b>	<b>22,135</b>
<b>(c) IT equipment operating lease commitments</b>		
All IT equipment lease agreements have finite lease terms, no renewal clauses or purchase options. The lease terms do not contain any further restrictions.		
Not longer than 1 year	316	329
Longer than 1 year and not longer than 5 years	489	725
Longer than 5 years	-	-
	<b>805</b>	<b>1,054</b>
<b>(d) Software licence and services commitments (i)</b>		
A commitment exists in relation to a software licensing and support agreement for Call-Taking and Dispatch held with Intergraph Corporation Pty Ltd.		
Not longer than 1 year	3,127	3,259
Longer than 1 year and not longer than 5 years	80	-
Longer than 5 years	-	-
	<b>3,207</b>	<b>3,259</b>
<b>(e) PPP operation and service commitments (ii)</b>		
Not longer than 1 year	44,716	38,709
Longer than 1 year and not longer than 5 years	13,727	26,466
Longer than 5 years	-	-
	<b>58,443</b>	<b>65,175</b>
<b>(f) Operate and maintain contract commitments (iii)</b>		
Not longer than 1 year	3,364	13,462
Longer than 1 year and not longer than 5 years	-	4,063
Longer than 5 years	-	-
	<b>3,364</b>	<b>17,525</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

	2017	2016
	\$'000	\$'000
(g) Other expenditure commitments		
Not longer than 1 year	1,868	957
Longer than 1 year and not longer than 5 years	4,522	4,032
Longer than 5 years	-	753
	6,390	5,742
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>95,924</b>	<b>114,993</b>
Plus GST recoverable from the Australian Taxation Office	9,592	11,499
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>105,516</b>	<b>126,492</b>

- (i) This agreement is renewed annually in March.
- (ii) This expenditure is offset by equivalent amounts in revenue.
- (iii) This expenditure is offset by equivalent amounts in revenue under the EAS Operate and Maintain contract.

#### 6.4.2 Public private partnership (service concession arrangements)

The State from time to time enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time.

These arrangements are often referred to as either public private partnerships (PPPs) or service concession arrangements (SCAs).

These SCAs usually take one of two main forms. In the more common form, the State pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the leases accounting policy.

The remaining components are accounted for as commitments for operating costs which are expensed in the comprehensive operating statement as they are incurred.

#### Public private partnership commitments (i)

	2017		2016	
	\$'000	\$'000	\$'000	\$'000
	Present Value	Nominal Value	Present Value	Nominal Value
<b>Service concession arrangements</b>				
MDN	32,617	32,617	15,628	15,661
MMR	25,826	25,826	51,405	51,405
<b>Total service concession commitments</b>	<b>58,443</b>	<b>58,443</b>	<b>67,033</b>	<b>67,066</b>
Less PPP related finance lease liabilities	-	-	(1,891)	(1,891)
<b>Total commitments for public private partnerships</b>	<b>58,443</b>	<b>58,443</b>	<b>65,142</b>	<b>65,175</b>

- (i) The minimum lease payments of commissioned public private partnerships (PPP) are recognised on the balance sheet and are not disclosed as a commitment.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

ESTA is exposed to risks from both its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section presents information on financial instruments, contingent assets and liabilities, and fair value determinations on ESTA's assets and liabilities.

### Structure

- 7.1 Financial instruments
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

#### 7.1 Financial instruments

### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of ESTA's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The main purposes for ESTA to hold financial instruments are:

- > for liquidity management purposes;
- > to manage financial risk; and
- > to fund ESTA's capital expenditure program.

### Categories of financial instruments

#### *Loans and receivables*

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

#### *Financial assets and liabilities at fair value through the operating statement*

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method (refer to Note 6.1 Borrowings).

Financial instrument liabilities measured at amortised cost include all payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit and loss.

#### **Derecognition of financial assets and liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- > the rights to receive cash flows from the asset have expired; or
- > ESTA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- > ESTA has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where ESTA has retained substantially all the risks and rewards and not transferred control, the asset is recognised to the extent of ESTA's continuing involvement in the asset.

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

#### **Impairment of financial assets**

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

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

#### **Reclassification of financial instruments**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of receivables may be reclassified out of the fair value through profit and loss category into the receivables category, where they would have met the definition of receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

The carrying amounts of ESTA's financial assets and financial liabilities by category are in the following table.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1.1 Categorisation of financial instruments

	2017 \$'000	2016 \$'000
<b>Contractual financial assets - loans and receivables and cash</b>		
Cash and deposits	1,814	11,499
<i>Receivables: (i)</i>		
Services	1,793	8,079
Other	5,311	7,896
Accrued investment income	80	32
<i>Investments and other contractual financial assets:</i>		
Term deposits	30,721	12,278
<b>Total contractual financial assets</b>	<b>39,719</b>	<b>39,784</b>
<b>Contractual financial liabilities at amortised cost</b>		
<i>Payables: (i)</i>		
Supplies and services	3,033	11,251
Accruals	7,597	17,270
<i>Borrowings:</i>		
Finance lease liabilities	124	2,037
<b>Total contractual financial liabilities</b>	<b>10,754</b>	<b>30,558</b>

(i) The total amounts disclosed here exclude statutory amounts (i.e. GST input tax credit recoverable and taxes payable).

### 7.1.2 Financial risk management

As a whole, ESTA's financial risk management program seeks to manage financial risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 7.3.

The main purpose in holding financial instruments is to prudentially manage ESTA's financial risks within the government policy parameters, and as a requirement linked to managing State Contracts.

ESTA's main financial risks include credit risk, liquidity risk and interest rate risk. ESTA manages its financial risks in accordance with its risk management policy. ESTA uses different methods to measure and manage the different risks to which it is exposed.

### 7.1.3 Credit risk

ESTA's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in financial loss to ESTA. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with ESTA's contractual financial assets is considered minimal due to receivables comprising almost exclusively amounts due from Victorian government agencies.

In addition, ESTA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank and deposits with the Treasury Corporation of Victoria (TCV). ESTA's policy is to only deal with banks with credit ratings higher than AA-.

Provision for impairment for contractual financial assets is recognised when there is objective evidence that ESTA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 90 days overdue and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of allowances for losses, represents ESTA's maximum exposure to credit risk.

Currently ESTA does not hold any collateral as security nor credit enhancements relating to any of its financial assets. There has been no material change to the ESTA's credit risk profile in 2016-17.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

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

	Financial institutions (AA- credit rating)	Government agencies (AAA credit rating)	Other	Total
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
Cash	1,812	-	2	1,814
Receivables	-	6,913	271	7,184
Term deposits	-	30,721	-	30,721
<b>Total contractual financial assets</b>	<b>1,812</b>	<b>37,634</b>	<b>273</b>	<b>39,719</b>
<b>2016</b>				
Cash	11,496	-	3	11,499
Receivables	-	15,771	236	16,007
Term deposits	-	12,278	-	12,278
<b>Total contractual financial assets</b>	<b>11,496</b>	<b>28,049</b>	<b>239</b>	<b>39,784</b>

#### 7.1.4 Liquidity risk

Liquidity risk arises when ESTA is unable to meet its financial obligations as they fall due. ESTA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows.

ESTA is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet.

ESTA's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of the risk.

Refer to Note 5.3.1 and 6.1.3 for the carrying amount of financial liabilities and the maturity analysis of those financial liabilities.

#### 7.1.5 Interest rate risk

ESTA is exposed to interest rate risk through finance leases and investments in interest bearing financial assets, such as deposits.

Interest rate risk could be in the form of fair value risk or cash flow risk:

- > Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. It relates to financial instruments with fixed interest rates, measured at fair value and represents the most significant interest rate risk for ESTA.
- > Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Only a small portion of ESTA's financial instruments are exposed to cash flow interest rate risk and these arise from financial assets and financial liabilities with floating interest rates, which are measured at amortised cost.

The interest rate exposure table provides details of the carrying amounts of financial assets and liabilities that expose ESTA to either interest rate fair value risk or interest rate cash flow risk.

#### *Interest rate exposure of financial instruments*

Exposure to interest rate risk is insignificant and might arise primarily through ESTA's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, ESTA mainly undertakes financial liabilities with relatively even maturity profiles.

ESTA's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is shown in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

Interest rate exposure as at 30 June

	Weighted avg. annual effective interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
<b>2017</b>					
<b>Financial assets</b>					
Cash	1.47%	1,814	-	1,812	2
<i>Receivables (i):</i>					
Services		1,793	-	-	1,793
Other receivables		5,311	-	-	5,311
Accrued investment income		80	-	-	80
<i>Investments and other contractual financial assets:</i>					
Term deposits	1.75%	30,721	26,565	4,156	-
<b>Total contractual financial assets</b>		<b>39,719</b>	<b>26,565</b>	<b>5,968</b>	<b>7,186</b>
<b>Financial liabilities</b>					
<i>Payables (i):</i>					
Supplies and services		3,033	-	-	3,033
Other payables		7,597	-	-	7,597
<i>Borrowings:</i>					
Finance lease liabilities	3.52%	124	124	-	-
<b>Total contractual financial liabilities</b>		<b>10,754</b>	<b>124</b>	<b>-</b>	<b>10,630</b>
<b>2016</b>					
<b>Financial assets</b>					
Cash	1.95%	11,499	-	11,496	3
<i>Receivables (i):</i>					
Services		8,079	-	-	8,079
Accrued investment income		32	-	-	32
Other receivables		7,896	-	-	7,896
<i>Investments and other contractual financial assets:</i>					
Term deposits	2.21%	12,278	12,278	-	-
<b>Total contractual financial assets</b>		<b>39,784</b>	<b>12,278</b>	<b>11,496</b>	<b>16,010</b>
<b>Financial liabilities</b>					
<i>Payables (i):</i>					
Supplies and services		11,251	-	-	11,251
Other payables		17,270	-	-	17,270
<i>Borrowings:</i>					
Finance lease liabilities	4.87%	2,037	2,037	-	-
<b>Total contractual financial liabilities</b>		<b>30,558</b>	<b>2,037</b>	<b>-</b>	<b>28,521</b>

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

#### Interest rate risk sensitivity

		-50 basis points	+50 basis points
	Carrying amount	Net result	Net result
	\$'000	\$'000	\$'000
<b>2017</b>			
<b>Contractual financial assets</b>			
Cash (i)	1,812	(9)	9
Term deposits (ii)	4,156	(21)	21
<b>Total impact</b>	<b>5,968</b>	<b>(30)</b>	<b>30</b>
<b>2016</b>			
<b>Contractual financial assets</b>			
Cash (i)	11,496	(57)	57
Term deposits (ii)	5,058	(25)	25
<b>Total impact</b>	<b>16,554</b>	<b>(82)</b>	<b>82</b>

(i) Cash includes funds in the operating account that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

- > 2017: \$1,812 thousand x -0.005 = (\$9) thousand; and \$1,812 thousand x 0.005 = \$9 thousand.
- > 2016: \$11,496 thousand x -0.005 = (\$57) thousand; and \$11,496 thousand x 0.005 = \$57 thousand.

(ii) Term deposits includes funds in a deposit that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:

- > 2017: \$4,156 thousand x -0.005 = (\$21) thousand; and \$4,156 thousand x 0.005 = \$21 thousand.
- > 2016: \$5,058 thousand x -0.005 = (\$25) thousand; and \$5,058 thousand x 0.005 = \$25 thousand.

#### 7.1.6 Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Total
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
<b>Contractual financial assets</b>				
Financial assets - loans and receivables	-	682	-	682
<b>Total contractual financial assets</b>	<b>-</b>	<b>682</b>	<b>-</b>	<b>682</b>
<b>Contractual financial liabilities</b>				
Financial liabilities at amortised cost	-	34	-	34
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>34</b>
<b>2016</b>				
<b>Contractual financial assets</b>				
Financial assets - loans and receivables	-	554	-	554
<b>Total contractual financial assets</b>	<b>-</b>	<b>554</b>	<b>-</b>	<b>554</b>
<b>Contractual financial liabilities</b>				
Financial liabilities at amortised cost	-	248	-	248
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>248</b>	<b>-</b>	<b>248</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

The net gains or losses on financial assets and liabilities are determined as follows:

- > for loans and receivables, the net gain or loss is calculated by taking the interest revenue, plus or minus fee income or expense, and minus any impairment recognised in the net result; and
- > for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus losses arising from the revaluation of financial liabilities measured at amortised cost.

### 7.2 Contingent assets and contingent liabilities

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

#### 7.2.1 Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within ESTA's control. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

ESTA has no contingent asset as of 30 June 2017 (Nil 2016).

#### 7.2.2 Contingent liabilities

Contingent liabilities are:

- > possible obligations that arise from past events, whose existence will be confirmed only the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- > present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligation cannot be measured with sufficient reliability.

ESTA has assessed a contingent liability as at 30 June 2017 that has arisen due to payroll/rostering practices not aligning with the provisions of the *Emergency Services Telecommunications Authority Operational Employees Enterprise Agreement 2015* (and predecessor agreements). This may have resulted in under-payments for hours worked in excess of the capped number of ordinary hours, and in some cases, over-payments associated with rotational overtime to current and former staff (Nil 2016). This matter is on-going and an independent party has been engaged to investigate the matter on ESTA's behalf.

### 7.3 Fair value determination

This section sets out information on how ESTA determines fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined for the following assets and liabilities:

- > financial assets and liabilities at fair value through operating result
- > leasehold improvements, plant and equipment.

In addition, the fair values of other assets and liabilities are determined for disclosure purposes (financial assets and liabilities carried at amortised cost).

ESTA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

For the purpose of fair value disclosures, ESTA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

#### Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

ESTA determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### How this section is structured

For those assets and liabilities for which fair value determination is applied, the following disclosures are provided:

- > carrying amount and the fair value (which would be the same for those assets measured at fair value);
- > which level of the fair value hierarchy was used to determine the fair value;
- > in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

#### 7.3.1 Fair value determination of financial assets and liabilities

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

- > Level 1 – the fair value of the financial instruments with standard terms and conditions and traded in an active liquid market are determined with reference to quoted market prices;
- > Level 2 – the fair value of financial instruments is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- > Level 3 – the fair value of financial instruments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

ESTA currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2016-17 reporting period.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### Fair value of financial instruments

	2017		2016	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash	1,814	1,814	11,499	11,499
<i>Receivables (i):</i>				
Services	1,793	1,793	8,079	8,079
Accrued investment income	5,311	5,311	32	32
Other receivables	80	80	7,896	7,896
<i>Investments and other contractual financial assets:</i>				
Term deposits	30,721	30,721	12,278	12,278
<b>Total contractual financial assets</b>	<b>39,719</b>	<b>39,719</b>	<b>39,784</b>	<b>39,784</b>
<b>Contractual financial liabilities</b>				
<i>Payables (i):</i>				
Supplies and services	3,033	3,033	11,251	11,251
Other payables	7,597	7,597	17,270	17,270
<i>Borrowings:</i>				
Finance lease liabilities	124	124	2,037	2,037
<b>Total contractual financial liabilities</b>	<b>10,754</b>	<b>10,754</b>	<b>30,558</b>	<b>30,558</b>

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

### Financial assets measured at fair value

	Carrying amount	Fair value measurement at the end of reporting period using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
<b>Financial assets</b>				
Cash and cash equivalents	32,535	32,535	-	-
	<b>32,535</b>	<b>32,535</b>	-	-
<b>2016</b>				
<b>Financial assets</b>				
Cash and cash equivalents	23,777	23,777	-	-
	<b>23,777</b>	<b>23,777</b>	-	-

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

#### 7.3.2 Fair value determination of non-financial physical assets

	Carrying amount	Fair value measurement at the end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
<b>Computers and communications equipment (ii)</b>				
Computers and communications equipment at fair value	68,184	-	-	68,184
Less: accumulated depreciation	(53,793)	-	-	(53,793)
	<b>14,391</b>	<b>-</b>	<b>-</b>	<b>14,391</b>
<b>Leased motor vehicles (iii)</b>				
Motor Vehicles Leased	153	-	-	153
Less: accumulated amortisation	(30)	-	-	(30)
	<b>123</b>	<b>-</b>	<b>-</b>	<b>123</b>
<b>Leased communications equipment (iv)</b>				
Communications equipment leased	172,969	-	-	172,969
Less: accumulated amortisation	(172,969)	-	-	(172,969)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plant and equipment (v)</b>				
Plant and equipment at fair value	442	-	-	442
Less: accumulated depreciation	(429)	-	-	(429)
	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Leasehold improvements (v)</b>				
Leasehold improvements at fair value	17,019	-	-	17,019
Less: accumulated amortisation	(12,283)	-	-	(12,283)
	<b>4,736</b>	<b>-</b>	<b>-</b>	<b>4,736</b>
<b>Capital works in progress (vi)</b>				
Capital works in progress at cost	393	-	-	-
<b>Net carrying amount of plant and equipment</b>	<b>19,656</b>	<b>-</b>	<b>-</b>	<b>19,263</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3.2 Fair value determination of non-financial physical assets

	Carrying amount	Fair value measurement at the end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$'000	\$'000	\$'000	\$'000
<b>2016</b>				
<b>Computers and communications equipment (ii) (vii)</b>				
Computers and communications equipment at fair value	55,613	-	55,613	-
Less: accumulated depreciation	(47,267)	-	(47,267)	-
	<b>8,346</b>	<b>-</b>	<b>8,346</b>	<b>-</b>
<b>Leased motor vehicles (iii)</b>				
Motor Vehicles Leased	198	-	-	198
Less: accumulated amortisation	(52)	-	-	(52)
	<b>146</b>	<b>-</b>	<b>-</b>	<b>146</b>
<b>Leased communications equipment (iv)</b>				
Communications equipment leased	172,969	-	-	172,969
Less: accumulated amortisation	(171,147)	-	-	(171,147)
	<b>1,822</b>	<b>-</b>	<b>-</b>	<b>1,822</b>
<b>Plant and equipment (v)</b>				
Plant and equipment at fair value	1,814	-	-	1,814
Less: accumulated depreciation	(1,787)	-	-	(1,787)
	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>
<b>Leasehold improvements (v)</b>				
Leasehold improvements at fair value	17,046	-	-	17,046
Less: accumulated amortisation	(10,187)	-	-	(10,187)
	<b>6,859</b>	<b>-</b>	<b>-</b>	<b>6,859</b>
<b>Capital works in progress (vi)</b>				
Capital works in progress at cost	9,409	-	-	-
<b>Net carrying amount of plant and equipment</b>	<b>26,610</b>	<b>-</b>	<b>8,346</b>	<b>8,854</b>

(i) Classified in accordance with the fair value hierarchy.

(ii) **Computers and communications equipment**

ESTA's computers and communications equipment is generally modified and specialised in use such that it is rarely sold. Fair value is determined using the depreciated replacement cost method.

(iii) **Leased motor vehicles**

Leased motor vehicles are valued using the depreciated replacement cost method. ESTA acquires new vehicles and at times disposes of them before the end of their economic life.

The process of acquisition and disposal is managed by experienced fleet managers at the Department of Treasury and Finance who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

(iv) **Leased communications equipment**

Leased communications equipment are assets contracted under Public Private Partnership or Operate and Maintain contractual arrangements with specific use and restrictions associated with the assets. Fair value is determined using the depreciated replacement cost method. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the assets that is physically, legally permissible, and financially feasible.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

(v) **Plant and equipment and Leasehold improvement**

Plant and equipment and Leasehold improvement assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building fitouts or component after applying depreciation rates on a useful life basis.

(vi) **Capital works in progress**

Capital works in progress is measured at cost.

(vii) These balance have been restated, please refer to Note 8.11 for further details.

There was a change to the valuation technique of computers and communications equipment during the period to 30 June 2017 (no changes in 2016). Some of the computers and communications equipment owned by ESTA is required to be modified before it becomes fit for purpose while the majority of ESTA's computers and communications equipment is highly specialised. There are limited active markets for these assets. The Authority has assessed that due to the modifications and highly specialised nature of the computers and communications equipment, the depreciated replacement cost approach is the most appropriate.

As a result, computers and communications equipment has been transferred from Level 2 to Level 3 during the period.

There were no other changes to the valuation techniques for the other asset classes.

There were no other transfers between levels during the period.

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

#### 7.3.3 Reconciliation of Level 3 fair value movements

	Computers and commun- ications equipment (a)	Leased motor vehicles	Leased commun- ications equipment	Plant and equipment	Leasehold improve- ments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>						
Opening balance	-	146	1,822	27	6,859	8,854
Purchases (sales)	14,437	5	-	-	16	14,458
Transfers in (out) of Level 3	8,346	-	-	-	-	8,346
Gains or losses recognised in net result	-	2	-	-	-	2
Depreciation	(8,392)	(30)	(1,822)	(14)	(2,140)	(12,398)
Impairment loss	-	-	-	-	-	-
<b>Subtotal</b>	<b>14,391</b>	<b>123</b>	<b>-</b>	<b>13</b>	<b>4,735</b>	<b>19,262</b>
Gains or losses recognised in other economic flows - other comprehensive income						
Revaluation	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>14,391</b>	<b>123</b>	<b>-</b>	<b>13</b>	<b>4,735</b>	<b>19,262</b>
<b>Unrealised gains/(losses) on non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3.3 Reconciliation of Level 3 fair value movements

	Computers and communications equipment (a)	Leased motor vehicles	Leased communications equipment	Plant and equipment	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>						
Opening balance	-	158	9,129	46	7,644	16,977
Purchases (sales)	-	33	-	-	1,330	1,363
Transfers in (out) of Level 3	-	-	-	-	-	-
Gains or losses recognised in net result	-	(7)	-	-	(6)	(13)
Depreciation	-	(38)	(7,307)	(19)	(2,109)	(9,473)
Impairment loss	-	-	-	-	-	-
<b>Subtotal</b>	-	<b>146</b>	<b>1,822</b>	<b>27</b>	<b>6,859</b>	<b>8,854</b>
Gains or losses recognised in other economic flows - other comprehensive income						
Revaluation	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-
<b>Closing balance</b>	-	<b>146</b>	<b>1,822</b>	<b>27</b>	<b>6,859</b>	<b>8,854</b>
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-	-

(a) During 2016-17, computers and communications equipment were transferred from level 2 to level 3.

### 7.3.4 Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Computers and communications equipment (a)	Depreciated replacement cost	Cost per unit Useful life of Computers and communications equipment
Leased motor vehicles	Depreciated replacement cost	Cost per unit Useful life of Leased motor vehicles
Leased communications equipment	Depreciated replacement cost	Cost per unit Useful life of Leased communications equipment
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of Plant and equipment
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of Leasehold improvements

(a) During 2016-17, computers and communications equipment were transferred from level 2 to level 3.

Significant unobservable inputs have remained unchanged since 2016 for all other asset classes.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES

#### Introduction

This section includes those additional disclosures required by accounting standards or otherwise, that are material, for the understanding of this financial report.

#### Structure

- 8.1 Ex-gratia expenses
- 8.2 Other economic flows included in the net result
- 8.3 Disaggregated information
- 8.4 Equity and reserves
- 8.5 Responsible persons
- 8.6 Remuneration of executives
- 8.7 Related parties
- 8.8 Subsequent events
- 8.9 Other accounting policies
- 8.10 Australian Accounting Standards issued that are not yet effective
- 8.11 Prior period adjustments
- 8.12 Glossary of technical accounting terms

#### 8.1 Ex-gratia expenses

	2017	2016
	\$'000	\$'000
Forgiveness or waiver of debt	10	-
<b>Total ex-gratia expenses</b>	<b>10</b>	<b>-</b>

Ex-gratia expenses includes both individual items and items in aggregate that are greater than or equal to \$5,000.

ESTA forgave staff members debt as it would have otherwise caused financial hardship.

#### 8.2 Other economic flows included in the net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

Other gains/(losses) from other economic flows include the gains and losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

	2017	2016
	\$'000	\$'000
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of plant and equipment	2	(13)
<b>Total net gain/(loss) on non-financial assets</b>	<b>2</b>	<b>(13)</b>
<b>Net gain/(loss) on financial instruments</b>		
Impairment of:		
Loans and receivables	-	-
<b>Total net gain/(loss) on financial instruments</b>	<b>-</b>	<b>-</b>
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service liability	349	(511)
<b>Total other gains/(losses) from other economic flows</b>	<b>349</b>	<b>(511)</b>

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.3 Disaggregated information

Certain communication services are managed by ESTA on behalf of the State. While ESTA is accountable for the transactions involving such items, it does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives. Accordingly, transactions and balances relating to State Contract items are recognised using segment accounting principles and reported in a 'line of business' form under the term 'Operational Communications'.

#### 8.3.1 Comprehensive operating statement - Lines of business

	CTD Operations and Corporate Overheads (i)		Operational Communications (ii)		Projects (iii)		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
		(iv)		(iv)				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from transactions</b>								
Service revenue	128,624	118,111	66,002	78,135	-	-	194,626	196,246
Project revenue	-	-	-	-	3,779	3,160	3,779	3,160
<b>Total Income from transactions</b>	<b>128,624</b>	<b>118,111</b>	<b>66,002</b>	<b>78,135</b>	<b>3,779</b>	<b>3,160</b>	<b>198,405</b>	<b>199,406</b>
<b>Expenses from transactions</b>								
Employee expenses	87,952	88,218	1,353	1,672	1,504	1,105	90,809	90,995
Depreciation and amortisation	8,465	9,028	7,386	19,025	-	-	15,851	28,053
Other operating expenses	22,342	20,664	58,587	58,019	2,963	1,528	83,892	80,211
Interest expense	1	7	33	242	-	-	34	248
Transfer of EAS assets	-	-	-	-	-	246	-	246
<b>Total Expenses from transactions</b>	<b>118,760</b>	<b>117,917</b>	<b>67,359</b>	<b>78,958</b>	<b>4,467</b>	<b>2,879</b>	<b>190,586</b>	<b>199,753</b>
<b>Net result from transactions (net operating balance)</b>	<b>9,864</b>	<b>194</b>	<b>(1,357)</b>	<b>(823)</b>	<b>(688)</b>	<b>281</b>	<b>7,819</b>	<b>(347)</b>
<b>Other economic flows included in net result</b>								
Net gain/(loss) on non-financial assets	2	(13)	-	-	-	-	2	(13)
Other gains/(losses) from other economic flows	343	(420)	-	-	6	(91)	349	(511)
<b>Total other economic flows included in net result</b>	<b>345</b>	<b>(433)</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>(91)</b>	<b>351</b>	<b>(524)</b>
<b>Net result</b>	<b>10,209</b>	<b>(239)</b>	<b>(1,357)</b>	<b>(823)</b>	<b>(682)</b>	<b>190</b>	<b>8,170</b>	<b>(871)</b>
<b>Comprehensive result</b>	<b>10,209</b>	<b>(239)</b>	<b>(1,357)</b>	<b>(823)</b>	<b>(682)</b>	<b>190</b>	<b>8,170</b>	<b>(871)</b>

(i) **Call-Taking and Dispatch (CTD) Operations**

Based on the objectives of ESTA departments, their costs are largely allocated to CTD Operations. The functions provided by these departments are directed to support CTD Operations.

(ii) **Operational Communications**

Operational Communications represents revenue and expenses for the State service contracts managed by ESTA on behalf of the Department of Justice and Regulation. Across the contracts there are different contract terms, and different financing and depreciation cycles.

(iii) **Projects**

ESTA manages various projects funded by the State, Emergency Services Organisations and State Contract Contingency reserves. Accordingly, revenue and expenditures related to projects and the Project Management Office responsible for project delivery are allocated to the Projects line of business.

(iv) There was a realignment of business functions between the lines of business during 2017 which has resulted in a restatement of the 2016 balance to enable comparison.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

#### 8.4 Equity and reserves

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

Since the establishment of ESTA a progressive transition of responsibility for the management and delivery of three Private Public Partnership projects from the Department of Justice and Regulation has been completed. The transition included the transfer and recognition of revenues that are specific purpose funding. The funding may only be applied by the recommendation of multi agency contract management committees and may only be applied for the purpose of the project to which it was allocated. ESTA holds no discretion over the funds and may not apply them to operational purposes.

#### 8.5 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Minister, Authority Members and Accountable Officer at ESTA are as follows:

Minister for Emergency Services - The Hon. James Merlino, MP	1 July 2016 to 30 June 2017
Chairman - Mr Howard Ronaldson (i)	1 July 2016 to 30 June 2017
Chief Executive Officer - Ms Julia Oxley (ii)	1 July 2016 to 30 June 2017
Authority Member - Ms Mary Delahunty	1 July 2016 to 30 June 2017
Authority Member - Mr Paul Henderson	1 July 2016 to 30 June 2017
Authority Member - Ms Christine Collin	1 July 2016 to 30 June 2017
Authority Member - Ms Siobhan Boyd-Squires	15 November 2016 to 30 June 2017
Authority Member - Ms Peita Duncan	15 November 2016 to 30 June 2017
Authority Member - Mr Toby Hemming	15 November 2016 to 30 June 2017
Authority Member - Ms Flavia Gobbo	7 February 2017 to 30 June 2017

- (i) The Chairman's remuneration is paid by the Department of Justice and Regulation and is therefore not included in table 8.5.1
- (ii) Ben Piper was the Chief Executive Officer (Acting) from 6 March 2017 to 30 June 2017. His remuneration has been included in Note 8.6.1.

The total remuneration received or receivable by the Accountable Officer in connection with the management of ESTA during the reporting period was in the following range:

\$290,000 - \$299,999 (\$290,000 - \$299,999 in 2015-16)

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

- > Short-term employee benefits - includes amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- > Post-employment benefits - includes pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- > Other long-term benefits - include long service leave, other long service benefits or deferred compensation.
- > Termination benefits - includes termination of employment payments, such as severance packages.

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.5.1 Remuneration of Authority Members and the Accountable Officer

	2017 (i) \$'000
Short-term benefits	422
Post-employment benefits	41
Other long-term benefits	8
Termination benefits	-
<b>Total remuneration</b>	<b>471</b>
<b>Total number of Authority Members and the Accountable Officer (ii)</b>	<b>9</b>
<b>Total annualised employee equivalents (iii)</b>	<b>7.3</b>

- (i) No comparatives have been reported because remuneration in the prior period was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for the Authority Members and Accountable Officer remuneration for the 2015-16 reporting period.
- (ii) The total number of Authority Members and the Accountable Officer includes persons who meet the definition of Key Management Personnel of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (refer to Note 8.7).
- (iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

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

### 8.6 Remuneration of executives

The number of executive officers, other than the Minister, Accountable Officers and Authority Members, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

The total remuneration payable to executives over the year was lower than the previous year as the restructure during 2015-16 resulted in lower executive officers during the commencement of 2016-17.

#### 8.6.1 Remuneration of executive officers

	2017 (i) \$'000
Short-term benefits	1,332
Post-employment benefits	100
Other long-term benefits	30
Termination benefits	73
<b>Total remuneration</b>	<b>1,535</b>
<b>Total number of executives (ii)</b>	<b>7</b>
<b>Total annualised employee equivalents (iii)</b>	<b>6.4</b>

- (i) No comparatives have been reported because remuneration in the prior period was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for the executive officer remuneration for the 2015-16 reporting period.
- (ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (refer to Note 8.7).
- (iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

#### 8.7 Related parties

ESTA is a wholly owned and controlled entity of the State of Victoria.

##### 8.7.1 Significant transactions with government related entities

During the year ESTA had the following Victorian government-related entity transactions:

###### *Department of Justice and Regulation*

ESTA received government funding for the management of state contracts for emergency operational communications, which has been recognised as revenue, through the Department of Justice and Regulation.

###### *Ambulance Victoria*

Ambulance Victoria provides pre-hospital treatment and ambulance transport for people in urgent medical emergencies.

ESTA provides call taking and dispatch services to AV which is recognised as revenue. During the year, an Executive Officer was seconded from AV to ESTA. ESTA reimburses AV the cost of the Executive Officer's salary and wages. The reimbursement is recognised as an expense.

###### *Country Fire Authority*

CFA is a volunteer and community based fire and emergency services organisation.

ESTA provides call taking and dispatch services to CFA which is recognised as revenue.

###### *Metropolitan Fire and Emergency Services Board*

The MFB provides fire and emergency management services.

ESTA provides call taking, dispatch and alarm monitoring services to MFESB which is recognised as revenue.

###### *Treasury Corporation Victoria*

ESTA invests with the Treasury Corporation Victoria with transactions based on market interest rates. Treasury Corporation Victoria also provides advisory and administrative services under normal commercial terms (these services are included in the interest rate).

###### *Victoria Police*

Victoria Police provides policing services to the Victorian community. ESTA provides call taking and dispatch services to Victoria Police which is recognised as revenue.

###### *Victoria State Emergency Service*

VICSES is a volunteer based emergency service that responds to floods, severe storms, earthquakes, tsunamis, road rescue and search and rescue.

ESTA provides call taking and dispatch services to VicSES which is recognised as revenue.

###### *Victorian Managed Insurance Authority*

ESTA is insured by the VMIA. Insurance payments to VMIA are recognised as an expense.

###### *Victorian Rail Track*

Victorian Rail Track (VicTrack) provides core services to the transport sector. Its specialist delivery groups include property, telecommunications and project delivery.

ESTA uses VicTrack's communication services which is recognised as an expense.

## 8. OTHER DISCLOSURES (CONTINUED)

	2017 \$'000
<b>Receipts recognised as revenue</b>	
Department of Justice and Regulation	49,692
Ambulance Victoria	32,747
Country Fire Authority	26,767
Metropolitan Fire and Emergency Services Board	9,375
Treasury Corporation Victoria	522
Victoria Police	74,278
Victoria State Emergency Service	3,184
	<b>196,565</b>
<b>Payments recognised as expense</b>	
Ambulance Victoria	178
Victorian Managed Insurance Authority	461
Victorian Rail Track	118
	<b>757</b>
<b>Receivables</b>	
Ambulance Victoria	41
Country Fire Authority	1,230
Treasury Corporation Victoria	80
Victoria Police	324
Victoria State Emergency Service	37
	<b>1,712</b>
<b>Payables</b>	
Ambulance Victoria	100
Metropolitan Fire and Emergency Services Board	16
Victorian Rail Track	11
	<b>127</b>

All other transactions with Victorian government related party entities were made on normal commercial terms and conditions.

### 8.7.2 Key management personnel

Key management personnel of ESTA includes the Minister for Emergency Services, The Hon James Merlino, MP, Authority members, the Chief Executive Officers and the members of the Executive Leadership Team, which includes:

Chief Operations Officer (Acting) - Ms Lisa Mannix	1 July 2016 to 3 July 2016
Chief Operations Officer (Acting) - Mr Ben Piper	4 July 2016 to 30 June 2017
Chief Financial Officer - Mr Jim Strilakos	1 July 2016 to 30 June 2017
Chief Information Officer - Mr Paul Dulfer	1 July 2016 to 30 June 2017
Head of People and Culture - Ms Thera Storie	1 July 2016 to 5 August 2016
Head of People and Culture (Acting) - Ms Katrina Jones	6 August 2016 to 18 September 2016
Head of People and Culture - Mr Ari Cassarchis	19 September 2016 to 30 June 2017
Head of Strategy, Planning and Compliance - Mr Jerome Thevenon	1 July 2016 to 30 June 2017
Corporate Secretary and Head of Corporate Affairs - Ms Rosemary Mullaly	1 July 2016 to 30 June 2017
Head of Delivery - Mr Jim Vavaroutsos	30 January 2017 to 30 June 2017

Remuneration for the Authority Members and the Accountable Officer is disclosed in Note 8.5.1.

Remuneration for the executive officers is disclosed in Note 8.6.1.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

#### 8.7.3 Transactions and balances with key management personnel and other related parties

Given the breadth and depth of the Victorian government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with ESTA, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

#### 8.8 Subsequent events

There were no subsequent events (Nil 2016).

#### 8.9 Other accounting policies

##### 8.9.1 Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of ESTA.

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

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

##### 8.9.2 Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

#### 8.10 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated.

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2017 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises ESTA of their applicability and early adoption where applicable.

## 8. OTHER DISCLOSURES (CONTINUED)

Standard / Interpretation	Summary	Applicable for annual reporting period beginning on	Impact on ESTA's financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>&gt; The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>&gt; Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss</li> </ul>	1 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through OCI and no longer recycled to the profit and loss. Changes in credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within OCI. Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

Standard / Interpretation	Summary	Applicable for annual reporting period beginning on	Impact on ESTA's financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use, hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 January 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- > AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- > AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*.

#### 8.11 Prior period adjustments

ESTA has identified two prior period adjustments. These are explained below and have since been adjusted for. ESTA has restated the affected financial statements for the 2016 financial year, as shown in the tables below.

##### 8.11.1 Contributed capital understated

The contract contingency reserve was first disclosed as a separate line item in the financial report during 2009-10. The contract contingency reserve was created by reducing the contributed capital balance.

During 2016-17, ESTA identified that the contract contingency reserve should have been created by transferring funds from accumulated surplus/(deficit).

This has been corrected retrospectively in 2016-17, as shown in the following table.

## 8. OTHER DISCLOSURES (CONTINUED)

	Reported 1 July 2015 \$'000	Adjustment \$'000	Restated 1 July 2015 \$'000
Accumulated surplus/(deficit)	(35,335)	(16,807)	(52,142)
Contributed capital	55,864	16,807	72,671
Contract contingency reserve	4,129	-	4,129
<b>Net worth</b>	<b>24,658</b>	<b>-</b>	<b>24,658</b>

Apart from affecting the account balances shown above, the correction does not affect the comprehensive operating statement, cash flow statement or any other account balance in the financial statements.

### 8.11.2 Disclosure of other intangible assets as an intangible asset

ESTA identified that other intangible assets were being recognised as plant and equipment under the computers and communications equipment asset class. This has been adjusted retrospectively in 2016-17, as shown in the tables below.

	Reported 2016 \$'000	Adjustment \$'000	Restated 2016 \$'000
<b>Non-financial assets</b>			
Plant and equipment	31,078	(4,468)	26,610
Intangible assets	984	4,468	5,452
<b>Total non-financial assets</b>	<b>33,482</b>	<b>-</b>	<b>33,482</b>
<b>Total assets</b>	<b>76,318</b>	<b>-</b>	<b>76,318</b>

#### Plant and equipment

	Reported 2016 \$'000	Adjustment \$'000	Restated 2016 \$'000
<b>Computers and communications equipment at fair value</b>			
Gross carrying amount	74,007	18,394	55,613
Accumulated depreciation	(61,193)	(13,926)	(47,267)
<b>Total carrying amount of Computers and communications equipment</b>	<b>12,814</b>	<b>4,468</b>	<b>8,346</b>
<b>Total Plant and Equipment</b>	<b>31,078</b>	<b>4,468</b>	<b>26,610</b>

#### Intangible assets

	Reported 2016 \$'000	Adjustment \$'000	Restated 2016 \$'000
<b>Gross carrying amount</b>			
Opening balance	5,200	17,493	22,693
Additions	-	900	900
Disposals	-	-	-
Closing balance	5,200	18,394	23,594
<b>Accumulated amortisation and impairment</b>			
Opening balance	(3,636)	(11,060)	(14,696)
Amortisation	(580)	(2,865)	(3,445)
Impairment	-	-	-
Closing balance	(4,216)	(13,926)	(18,142)
<b>Net book value at the end of the financial year</b>	<b>984</b>	<b>4,468</b>	<b>5,452</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

The adjustment did not affect the comprehensive operating statement, cash flow statement and statement of changes in equity in the prior period. It only resulted in a reallocation in the prior period between the plant and equipment and intangible asset balances on the balance sheet.

#### 8.12 Glossary of technical accounting terms

##### Amortisation

The expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

##### Borrowings

Refers to interest bearing liabilities mainly from finance leases arrangements.

##### Commitments

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

##### Comprehensive result

The amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

##### Current grants

Are amounts payable or receivable for current purposes for which no economic benefit of equal value are receivable or payable in return.

##### Depreciation

Is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

##### Employee benefits expenses

Includes all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

##### Ex-gratia expenses

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

##### Financial asset

Is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

##### Financial instrument

Is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial liability

Is any liability that is:

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

## 8. OTHER DISCLOSURES (CONTINUED)

### Financial statements

Comprises:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

### Grant expenses and other transfers

Are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

### General government sector

Comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General

government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

### Interest expense

Represents costs incurred in connection with borrowings. It includes the interest components of finance lease repayments.

### Interest income

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

### Leases

Are rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

### Net acquisition of non-financial assets

Are purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

### Net financial liabilities

Is calculated as liabilities less financial assets. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements).

### Net financial worth

Is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER DISCLOSURES (CONTINUED)

#### Net operating balance or net result from transactions

Is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

#### Net result

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

#### Net worth

Is calculated as assets less liabilities, which is an economic measure of wealth.

#### Non-financial assets

Are all assets that are not financial assets. It includes prepayments, plant and equipment and intangibles.

#### Operating result

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

#### Other economic flows included in net result

Are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

#### Other economic flows – other comprehensive income

Comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

#### Payables

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

#### Receivables

Include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

#### Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

#### Supplies and services

Generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of ESTA.

#### Taxation

Expense represents funds paid to the State Revenue Office and includes:

- > payroll tax, land tax and duties
- > motor vehicle taxes, including registration fees and duty on registrations and transfers.

#### Transactions

Are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

## ACRONYMS

AAS – Australian Accounting Standards  
ACMA – Australian Communications & Media Authority  
ATO – Australian Taxation Office  
CAD – Computer Aided Dispatch  
CALD – Culturally and Linguistically Diverse  
CFA – Country Fire Authority  
CIRP – Critical Incident Response Plan  
CTD – Call-taking and Dispatch  
DELWP – Department of Environment, Land, Water & Planning  
DRUP – Digital Radios Upgrade  
EAS – Emergency Alerting System  
ECSAC – Emergency Call Service Advisory Committee  
EMOC – Emergency Management Operations Communications  
EMV – Emergency Management Victoria  
ESOs – Emergency Services Organisations  
ESTA – Emergency Services Telecommunications Authority  
FMA – Financial Management Act  
FRD – Financial Reporting Directions  
FTE – Full Time Equivalents  
GHG – Greenhouse Gas  
GPS – Global Positioning System  
GST – Goods and Services Tax  
IGEM – Inspector-General for Emergency Management  
ICT – Information and Communications Technology  
ITS – Information and Technology Services  
ITSM – Information Technology Service Management  
LEAP – Law Enforcement Assistance Program  
LTIFR – Lost Time Injury Frequency Rate  
LSL – Long Service Leave  
MACG – Multi-Agency Communications Gateway  
MDN – Mobile Data Network  
MFB – Metropolitan Fire Brigade  
MMR – Metropolitan Mobile Radio  
MOLI – Mobile Origin Location Information  
MURL – Melbourne Underground Rail Loop  
PMO – Program Management Office  
PPP – Public Private Partnership  
PSO – Public Safety Officer  
RTO – Registered Training Organisation  
RVA – Recorded Voice Announcement  
SECCs – State Emergency Communications Centres  
THO – Tally Ho (ESTA centre at Burwood East)  
VAGO – Victorian Auditor-Generals Office  
VICSES – Victoria State Emergency Service  
VMIA – Victorian Managed Insurance Authority



Victorian Auditor-General's Office

# Independent Auditor's Report

## To the Board of the Emergency Services Telecommunications Authority

<b>Opinion</b>	<p>I have audited the financial report of the Emergency Services Telecommunications Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2017</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• authority member's, accountable officer's and chief finance and accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

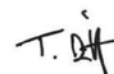
**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE  
28 August 2017

Travis Derricott  
*as delegate for the Auditor-General of Victoria*

# APPENDIX

ESTA Details of employment levels in June 2016 and 2017

		Jun-17						
All employees				Ongoing			Fixed term & Casual	
Number				Full-time	Part-time		Number	
(headcount)				(headcount)	(headcount)	FTE	(headcount)	FTE
Demographic Data	Gender							
	Male	300	285	273	14	278	13	7
	Female	595	486	431	137	477	27	9
	Age							
	15-24	45	40	43	0	40	2	0
	25-34	361	304	291	56	302	14	2
	35-44	236	197	166	59	192	11	4
	45-54	180	165	144	27	157	9	8
	55-64	68	61	55	9	59	4	2
	65+	5	4	5	0	4	0	0
Classification Data	Operations Grades	747	633	583	139	630	25	2
	Call-taker 1	86	77	85	1	77	0	0
	Call-taker 2	64	56	52	8	55	4	1
	Call-taker 3	114	81	68	34	80	12	1
	Call-taker 4	34	27	26	7	27	1	0
	Dispatcher 1	26	25	26	0	25	0	0
	Dispatcher 2	36	31	25	10	31	1	0
	Dispatcher 3	261	218	187	67	218	7	0
	Dispatcher 4	38	32	26	12	32	0	0
	Assistant TL	45	43	45	0	43	0	0
	Team leader 1	9	9	9	0	9	0	0
	Team leader 2	34	33	34	0	33	0	0
	Support Grades	130	120	116	12	119	2	1
	Band 1	11	8	7	2	7	2	1
	Band 2	32	29	26	6	29	0	0
	Band 3	24	23	24	0	23	0	0
	Band 4	25	24	25	0	24	0	0
	Band 5	33	31	30	3	31	0	0
	Band 6	5	5	4	1	5	0	0
	Senior employees	18	18	5	0	5	13	13
	Band 7	5	5	5	0	5	0	0
	Senior managers	5	5	0	0	0	5	5
	Executives	8	8	0	0	0	8	8
	Total employees		895	771	704	151	755	40

		Jun-16						
		All employees		Ongoing			Fixed term & Casual	
		Number (a)		Full-time	Part-time		Number	
		(headcount)	FTE	(headcount)	(headcount)	FTE	(headcount)	FTE
Demographic Data	Gender							
	Male	293	279	270	9	272	14	6
	Female	564	465	402	140	457	22	8
	Age							
	15-24	49	44	47	0	44	2	0
	25-34	334	292	273	53	291	8	2
	35-44	246	200	169	65	197	12	4
	45-54	161	146	129	22	139	10	7
	55-64	63	58	51	9	56	3	2
	65+	4	2	3	0	2	1	0
Classification Data	Operations Grades	704	599	547	134	597	23	3
	Call-taker 1	73	71	72	1	71	0	0
	Call-taker 2	52	46	45	4	45	3	1
	Call-taker 3	112	77	64	39	76	9	0
	Call-taker 4	31	28	24	6	28	1	0
	Dispatcher 1	23	22	21	1	21	1	0
	Dispatcher 2	33	29	27	4	28	2	1
	Dispatcher 3	285	240	209	69	240	7	1
	Dispatcher 4	56	50	47	9	50	0	0
	Assistant TL	0	0	0	0	0	0	0
	Team leader 1	4	4	4	0	4	0	0
	Team leader 2	35	34	34	1	34	0	0
	Support Grades	136	127	119	15	126	2	1
	Band 1	13	10	8	3	10	2	1
	Band 2	33	30	26	7	30	0	0
	Band 3	25	24	24	1	24	0	0
	Band 4	28	26	26	2	26	0	0
	Band 5	27	27	26	1	27	0	0
	Band 6	10	10	9	1	10	0	0
	Senior employees	17	17	6	0	6	11	11
	Band 7	6	6	6	0	6	0	0
	Senior managers	5	5	0	0	0	5	5
	Executives	6	6	0	0	0	6	6
	Total employees		857	743	672	149	729	36

- (a) The June 2016 employment numbers reported in the ESTA 2015-16 Annual report have been adjusted to align with the methodology used to report numbers as at June 2017, consistent with the requirements of FRD 29(B).

## APPENDIX

Annualised total salary, by \$20,000 bands, for executives and senior employees

Income band (salary)	Executives	Senior Managers	Band 7
Less than \$160 000	0	1	1
\$160 000 - \$179 999	2	4	4
\$180 000 - \$199 999	1	0	0
\$200 000 - \$219 999	4	0	0
\$220 000 - \$239 999	0	0	0
\$240 000 - \$259 999	0	0	0
\$260 000 - \$279 999	1	0	0
\$280 000 - \$299 999	0	0	0

### Corporate planning progress

In Q4, ESTA revised its corporate plan to align to the new strategic goals developed in 2016-17.

Initiative Name	Planned Date	Revised Date	Status
<b>Performance</b>			
Location Verification	Dec '16	Delayed and ongoing	✗
Quick Send	Mar '17	Delivered	✓✓
People and Performance	Oct '17	Ongoing	●
Smarter Systems	Aug '16	Delivered	✓✓
People and Performance	Jul '17	Ongoing	✓
Tally Ho Police Footprint	Feb '17	Delayed and ongoing	✗
Align Performance Standards	Jun '17	Delivered	✓✓
Staff QI feedback	Feb '17	Delivered	✓✓
<b>Delivery</b>			
AV Dispatch Grid Review	Dec '16	Delivered	✓✓
AV Improving Triage	Nov '16	Delivered	✓✓
AV Improving Dispatch	Nov '16	Delayed and ongoing	✗
MDN U&T	Jan '17	Delivered	✓✓
Coverage Reinstatement	Dec '16	Delivered	✓✓
EMOC Program Contract Mgt Support	Jun '17	Ongoing	✓
Multi Agency Communication Gateway (MACG)	Jun '17	Ongoing	✓
Data Governance Initiatives	Apr '17	Delivered	✓✓
AV Data Feed	Apr '17	Delayed and ongoing	✓✓
CrimTrack	Jun '17	Not yet required	●
Police Assistance Line (PAL)	Jun '17	Ongoing	✓
Case Management Replacement	Oct '16	Not yet required	●
MFB Boundary Re-alignment Program	Jun '18	Ongoing	✓
<b>Sustainability</b>			
Financial and Forecasting Model Development	Feb '17	Delivered	✓✓
Funding Model Reform	Feb '17	Removed from plan	●
Future Concept of Operations	Dec '16	Delivered	✓✓
WTC Relocation	Jul '20	Delayed and ongoing	✗
Accelerated Resourcing	Jun '17	Delayed and ongoing	✓
Technology Asset Refresh	Apr '17	Delivered	✓✓

## MMR RADIO CALLS

Agency	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17 % Change	CAGR %
Ambulance Victoria	4,750,962	4,845,668	4,920,994	5,117,652	5,325,844	4.07%	2.90%
Metropolitan Fire Brigade	1,313,353	1,349,385	1,369,772	1,426,602	1,398,821	-1.95%	1.59%
Victoria Police	12,835,206	12,795,681	13,372,916	13,456,971	13,594,628	1.02%	1.45%
<b>TOTAL Calls</b>	<b>18,899,521</b>	<b>18,990,734</b>	<b>19,600,421</b>	<b>20,001,225</b>	<b>20,319,293</b>	<b>1.59%</b>	<b>1.83%</b>

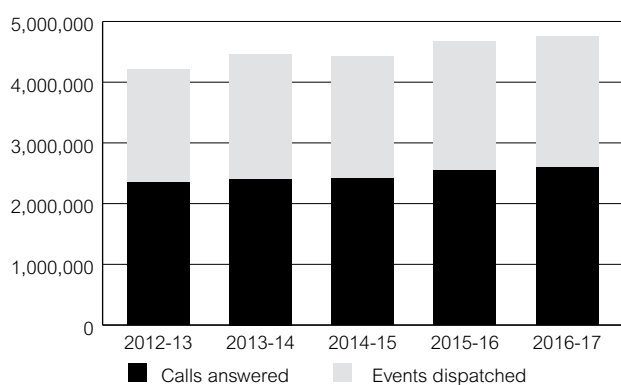
## MDN TRANSACTIONS

Transaction Type	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17 % Change	CAGR %
CAD – Ambulance Victoria	467,101	492,861	493,375	506,139	512,668	1.29%	2.35%
CAD – Victoria Police	997,420	1,404,837	1,789,337	1,853,145	2,030,132	9.55%	19.44%
LEAP inquiries	5,267,610	5,972,495	7,669,210	7,681,627	8,817,130	14.78%	13.74%
Sheriff's Office	7,389	6,571	7,404	6,990	6,371	-8.86%	-3.64%
<b>TOTAL Transactions</b>	<b>6,739,520</b>	<b>7,876,764</b>	<b>9,848,996</b>	<b>10,047,901</b>	<b>11,366,301</b>	<b>13.12%</b>	<b>13.96%</b>

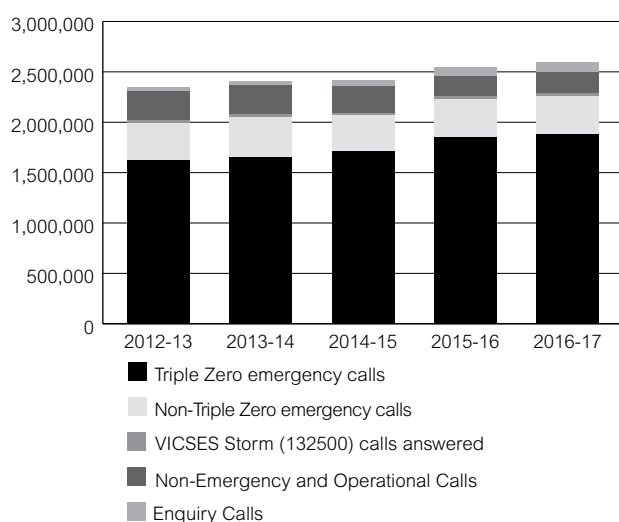
## EAS MESSAGING VOLUMES

Message Priority	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17 % Change	CAGR %	2015-16 Delivery Success
Emergency	524,065	520,456	558,269	482,654	443,927	-8.02%	-4.06%	99.999%
Non-Emergency	436,209	442,853	600,884	646,106	832,120	28.79%	17.52%	100.000%
Administrative	166,681	169,631	139,367	152,185	125,155	-17.76%	-6.91%	100.000%
<b>TOTAL Messages</b>	<b>1,126,955</b>	<b>1,132,940</b>	<b>1,298,520</b>	<b>1,280,945</b>	<b>1,401,202</b>	<b>9.39%</b>	<b>5.60%</b>	<b>100.000%</b>

## CTD VOLUMES



## ESTA TOTAL CALLS ANSWERED



## APPENDIX

Activity	2014-2015	2015-2016	2016-17
Assisted ambulance with code one events	337,111 <sup>1</sup>	346,138	272,960
Assisted with cardiac events	6677	7239	8016
Assisted police with pursuits	2,462	430 <sup>2</sup>	859
Assisted by phone with baby births <sup>3</sup>	107	109	109
Burn-off events registered	78,514	80,071	96,437

1 Lights and sirens emergency ambulance response

2 Drop reflects changes in police pursuit protocols

3 The number of events where a baby was born during the telephone call, prior to ambulance arrival.

Events Dispatched	FY2014	FY2015	FY2016	FY2016 Variance
AV - Code 1 - Emergency	337,111	346,138	272,960	-21.14%
AV - Code 2 - Emergency	172,319	181,300	206,679	14.0%
ERTCOMM - Code 3	34,206	35,304	42,751	21.1%
VICPOL - Priority 1	116,427	124,958	132,270	5.9%
VICPOL - Priority 2	731,459	784,762	804,497	2.5%
VICPOL - Priority 3	376,397	416,136	429,338	3.2%
VicSES - Other Agency Priority 1	1,735	1,824	2,288	25.4%
VicSES - Other Agency Priority 2	3,323	3,845	5,545	44.2%
VicSES - Other Agency Priority 3	6,708	8,077	10,168	25.9%
VicSES - Rural Priority 2	520	470	1,212	157.9%
VicSES - Rural Priority 3	1,695	1,201	2,368	97.2%
VicSES - Urban Priority 2	1,142	1,026	2,115	106.1%
VicSES - Urban Priority 3	8,422	5,429	9,548	75.9%
MFB - Priority 1 - Alarms	10,049	11,129	12,636	13.5%
MFB - Priority 1 - EMR	7,447	5,840	5,475	-6.3
MFB - Priority 1 - Telephone Events	12,231	12,647	11,097	-12.3%
MFB - Priority 1 - Other Agency	10,457	10,819	12,036	11.2%
CFA - Priority 1 - Alarms	6,125	6,331	6,798	7.4%
CFA - Priority 1 - EMR	1,372	1,102	1,611	46.2%
CFA - Priority 1 - Rural	5,786	5,629	4,544	-19.3%
CFA - Priority 1 - Urban	9,826	10,097	8,616	-14.7%
CFA - Priority 3 - Rural	2,014	2,222	1,326	-40.3%
CFA - Priority 3 - Urban	3,305	3,492	2,915	-16.5%
CFA - Priority 1 - Other Agency	16,340	16,791	19,066	13.5%
Ambulance Victoria - Patient Transport	136,857	136,933	153,847	12.4%
<b>Total Events Dispatched</b>	<b>2,013,273</b>	<b>2,133,502</b>	<b>2,161,706</b>	<b>1.3%</b>

Events Dispatched by Agency	FY2014	FY2015	FY2016
VICPOL	60.8%	62.1%	63.2%
AMBULANCE	33.8%	32.8%	31.3%
MFB	2.0%	1.9%	1.9%
CFA	2.2%	2.1%	2.1%
VICSES	1.2%	1.0%	1.5%
<b>Total Events Dispatched</b>	<b>2,013,273</b>	<b>2,133,502</b>	<b>2,161,706</b>

Calls Answered											
Category	FY 2014	FY 2015	FY 2016	FY 2016 Vari- ance	% of total	Agency	FY 2014	FY 2015	FY 2016	FY 2016 Vari- ance	% of total
A	363,295	381,909	373,426	-2.2%	14.4%	CFA	141,415	143,622	149,362	4.0%	5.8%
B	1,707,209	1,849,042	1,884,077	1.9%	72.6%	ERTCOMM	703,064	737,941	760,986	3.1%	29.3%
						MFB	46,041	41,498	33,085	-20.3%	1.3%
C	22,335	19,902	32,345	62.5%	1.2%	NETCOMM	176,083	155,745	153,467	-1.5%	5.9%
N	176,083	155,745	153,467	-1.5%	5.9%	VICPOL	1,296,049	1,416,144	1,428,728	0.9%	55.1%
O	57,644	49,138	48,267	-1.8%	1.9%	VICSES	50,683	49,758	69,498	39.7%	2.7%
Q	86,769	88,972	103,544	16.4%	4.0%	<b>Total</b>	<b>2,413,335</b>	<b>2,544,708</b>	<b>2,595,126</b>	<b>2.0%</b>	100.0%
<b>Total</b>	<b>2,413,335</b>	<b>2,544,708</b>	<b>2,595,126</b>	<b>2.0%</b>							
TZ %	70.7%	72.7%	72.6%	-0.1%							
Call every X seconds	13.1	12.4	12.2	-2.2%							
Calls Per Day	6,611.9	6,952.8	7,109.9	2.3%							
000 Calls Per Day	4,677.3	5,052.0	5,161.9	2.2%							

## APPENDIX

### Call Answer Performance (Emergency Calls)<sup>1</sup>

Agency	Benchmark	2015-2016	2016-2017	Change	Answer Time (secs )		
					Average	50th Percentile	90th Percentile
Victoria Police	80 per cent answered within 5 seconds <sup>2</sup>	82.9%	86.3%	3.4%	6.3	<1	15
Ambulance	90 per cent answered within 5 seconds <sup>3</sup>	92.2%	93.0%	0.8%	3.9	<1	2
CFA	90 per cent answered within 5 seconds	95.4%	97.2%	1.8%	2.9	<1	2
MFB	90 per cent answered within 5 seconds	94.2%	96.4%	2.2%	3.0	<1	2
VicSES	90 per cent answered within 20 seconds	77.2%	77.6%	0.4%	86.3	1	73

### Time to Dispatch Performance (Emergency Events)

Agency	Benchmark	2015-2016	2016-2017	Change	Dispatch Time (secs )		
					Average	50th Percentile	90th Percentile
Victoria Police (state-wide) priority one events	80 per cent dispatched within 160 seconds <sup>4</sup>	89.6%	90.3%	0.7%	77.2	49	158
Ambulance (state-wide) code one events	90 per cent dispatched within 150 seconds <sup>5</sup>	78.3%	83.0%	4.7%	116.6	102	176
CFA priority one events <sup>6</sup>	90 per cent dispatched within benchmark	91.5%	94.3%	2.8%			
P1 Urban					77.4	65	125
P1 Rural					98.0	82	166
Alarms					8.6	8	11
Other Agency					28.0	20	47
EMR					8.8	7	13
MFB priority one events <sup>7</sup>	90 per cent dispatched within benchmark	93.4%	95.1%	1.7%			
Telephone					82.7	69	137
Alarms					8.6	7	11
Other Agency					22.9	18	38
EMR					8.5	7	11
VicSES priority one events	90 per cent dispatched within 60 seconds	83.8%	85.8%	2.0%	78.7	21	87

#### Time to Dispatch Performance<sup>8</sup> (Lower Priority Events)

Agency	Benchmark	2015-2016	2016-2017	Change	Dispatch Time (secs )		
					Average	50th Percentile	90th Percentile
Victoria Police (state-wide) priority two events	80 per cent dispatched within 300 seconds <sup>9</sup>	87.8%	88.7%	0.9%	147.8	89	320
Victoria Police (state-wide) priority three events	80 per cent dispatched within 900 seconds <sup>10</sup>	97.8%	98.2%	0.4%	276.0	164	721
Ambulance (state-wide) code two events	90 per cent dispatched within 300 seconds <sup>11</sup>	91.4%	93.9%	2.5%	170.8	129	249
CFA priority three events <sup>12</sup>	90 per cent dispatched within benchmark	87.2%	90.4%	3.2%			
Urban					102.4	84	162
Rural					125.6	101	215
VicSES priority two and three events <sup>13</sup>	90 per cent dispatched within benchmark	96.8%	94.5%	-2.3%			
Urban					209.6	181	328
Rural					214.0	187	347
Other Agency					73.8	35	175

#### Footnotes

- 1 Technical limitations within ESTA's Emergency Telephone System prevent accurate determination of call answer time where Triple Zero calls to ESTA via the Emergency Call Service calls are subject to re-presentation. ESTA uses a mathematical formula to estimate the overall call answer time for these calls, based on a number of assumptions. Figures stated for average, 50th, and 90th percentile call answer times include these estimated times and should be considered indicative only.
- 2 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented.
- 3 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented. However, for the 2016/17 FY , this standard applied to Metropolitan Service Delivery only.
- 4 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented.
- 5 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented. However, for the 2016/17 FY , this standard applied to Metropolitan Service Delivery only.
- 6 Emergency Medical Response / Alarm Events – 28 seconds, Urban Telephone Events – 120 seconds, Rural Telephone Events – 190 seconds, Other Agency Events – 60 seconds
- 7 Emergency Medical Response / Alarm Events – 28 seconds, Telephone Events – 120 seconds, Other Agency Events – 60 seconds
- 8 Where reference is made to dispatch performance, it should be noted that following the upgrade of the ESTA CAD system to Version 9v11, there was a period where the 'Create Event' button timestamp was not available for measurement. Resultantly ESTA had to change how it determined Event Create Time, instead measuring from the first update to the event form.
- 9 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented.
- 10 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented.
- 11 ESTAs services are provided State-wide and the figures displayed reflect State-wide activity and performance against the standard as presented. However, for the 2016/17 FY , this standard applied to Metropolitan Service Delivery only.
- 12 Urban Events – 160 seconds, Rural Events – 230 seconds.
- 13 Urban Priority 2 & 3 Events – 460 seconds, Rural Priority 2 & 3 Events – 460 seconds, Other Agency Events – 230 seconds

## APPENDIX

### Cumulative performance

Call taking	Benchmark	FY2015		FY2016	
		Compliant Month Count	Cumulative 12 Month Performance	Compliant Month Count	Cumulative 12 Month Performance
AV Emerg (S.Wide)	90 per cent answered within 5 seconds <sup>1</sup>	11	92.20%	12	93.00%
AV Non-emerg (S.Wide)	90 per cent answered within 30 seconds <sup>1</sup>	12	96.60%	12	95.90%
Vic Pol (S.Wide)	80 per cent answered within 5 seconds <sup>2</sup>	10	82.90%	12	86.30%
CFA Emerg	90 per cent answered within 5 seconds	12	95.40%	12	97.20%
CFA Non-Emerg / Operational	90 per cent answered within benchmark	12	93.90%	12	94.00%
SES Emerg	90 per cent answered within 20 seconds	2	77.20%	8	77.60%
SES Non-Emerg / Operational	80 per cent answered within 20 seconds	11	88.70%	12	90.50%
MFB Emerg	90 per cent answered within 5 seconds	10	94.20%	12	96.40%
MFB Non-Emerg / Operational	90 per cent answered within benchmark	12	95.40%	12	96.60%

Dispatch	Benchmark	FY2015		FY2016	
AV Emerg (Code 1) (S.Wide)	90 per cent dispatched within 150 seconds <sup>1</sup>	0	78.30%	0	83.00%
AV Emerg (Code 2) (S.Wide)	90 per cent dispatched within 300 seconds <sup>1</sup>	12	91.40%	12	93.90%
Vic Pol (Priority 1) (S.Wide)	80 per cent dispatched within 180 seconds <sup>2</sup>	12	89.60%	12	90.30%
Vic Pol (Priority 2) (S.Wide)	80 per cent dispatched within 300 seconds <sup>2</sup>	12	87.80%	12	88.70%
Vic Pol (Priority 3) (S.Wide)	80 per cent dispatched within 900 seconds <sup>2</sup>	12	97.80%	12	98.20%
SES (Priority 1)	90 per cent dispatched within 60 seconds	0	83.80%	0	85.80%
SES (Priority 2&3)	90 per cent dispatched within benchmark	12	96.80%	11	94.50%
MFB (Priority 1)	90 per cent dispatched within benchmark	11	93.40%	12	95.10%
CFA (Priority 1)	90 per cent dispatched within benchmark	11	91.50%	12	94.30%
CFA (Priority 3)	90 per cent dispatched within benchmark	0	87.20%	8	90.40%

1 ESTAs services are provided Statewide and the figures displayed reflect Statewide activity and performance against the standard as presented. However, Ambulance service the standard is applied to Metropolitan Service Delivery only.

2 ESTAs services are provided Statewide and the figures displayed reflect Statewide activity and performance against the standard as presented. However, prior to the 2016/17 FY , the Victoria Police standards applied to Metropolitan Service Delivery only.

Call answer percentiles	Count	AvgCAS	MAX CAS	50th Percentile	80th Percentile	90th Percentile
CFA EMERGENCY	39,551	2.9	392	1	2	2
CFA Enquiry	103,544	19.3	1,953	1	11	52
CFA Op/Field	6,267	8.8	997	5	8	13
ERTCOMM	760,986	3.9	396	1	2	2
MFB EMERGENCY	28,238	3.0	387	1	2	2
MFB Enquiry	0	NULL	NULL	NULL	NULL	NULL
MFB Op/Field	4,847	6.7	390	4	7	9
NETCOMM	153,467	7.7	2,180	3	4	5
VICSES Op/Field	37,153	12.4	2,084	5	9	16
VICSES STORM	32,345	86.3	16,332	1	2	73
VP EMERGENCY	1,428,728	6.3	396	1	2	15

#### Dispatch percentiles

	Count	AvgTTD	MAX_TTD	PC50	PC80	PC90
<b>MFB</b>						
Phone Events	11,097	82.7	2,313	69	105	137
Alarms	12,636	8.6	1,923	7	9	11
Other Agency	12,036	22.9	3,211	18	29	38
EMR	5,475	8.5	863	7	9	11
<b>ERTCOMM STATEWIDE</b>						
CODE 1	272,960	116.6	32,341	102	143	176
CODE 2	206,679	170.8	131,423	129	194	249
<b>VICPOL STATEWIDE</b>						
Priority 1	132,270	77.2	6,619	49	107	158
Priority 2	804,497	147.8	88,769	89	222	320
Priority 3	429,338	276.0	86,652	164	537	721
<b>VICSES</b>						
P1 - Other Agency	2,288	78.7	30,249	21	46	87
P2 & 3 - Other Agency	15,713	73.8	3,839	35	86	175
P2 & 3 - Urban	11,663	209.6	17,829	181	259	328
P2 & 3 - Rural	3,580	214.0	1,430	187	273	347
<b>CFA</b>						
P1 Urban - Phone	8,616	77.4	738	65	99	125
P1 Rural - Phone	4,544	98.0	765	82	128.4	166
Alarms	6,798	8.6	1,534	8	9	11
Other Agency	19,066	28.0	5,678	20	35	47
EMR	1,611	8.8	101	7	9	13
P3 Urban - Phone	2,915	102.4	2,148	84	125	161.6
P3 Rural - Phone	1,326	125.6	902	100.5	162	215

#### Sundry events

	FY 2014-15	FY 2015-16	FY 2016-17	
AV Code 1 Events <sup>1</sup>	337,111	346,138	272,960	Based on IGEM Code 1, code 1 implies lights and siren's emergency ambulance response
Police Pursuits <sup>2</sup>	2,461	414	859	Based on SP or TP POLiCE TYCOD
Cardiac Events	6,677	7,239	8,016	Based on Card 9 Events ERTCOMM Report
Burnoffs Regd	78,514	80,071	96,437	FSV Burnoffs CAD9 function
Assist with babies born <sup>3</sup>	107	109	109	Baby born Event Report

1 Lights and sirens emergency ambulance response.

2 Drop reflects changes in police pursuit protocols.

3 The number of events where a baby was born during the telephone call, prior to ambulance arrival.









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