

ESTA ANNUAL REPORT
2015-16



CONTENTS



Chairman's foreword	2
CEO's report	3
Vision, mission, values and community	4
Organisational structure	4
About ESTA	5
Growth in demand	6
Performance	9
Delivery and partner agencies	13
People	15
Community engagement	19
Information and Technology Services	20
Risk management	25
Financial performance	26
Environment	28
Corporate governance	30
Financial statements	37
Declaration	38
Victorian Auditor General's Office certificate	76
Glossary of terms and acronyms	78
Appendix	80

CHAIRMAN'S FOREWORD

ESTA receives, interprets and sends large amounts of information every hour, 24 hours a day. Information and data is gathered from people usually in stressful situations, and sent to emergency services professionals in the field. The transfer of information needs to be performed quickly and accurately, realising that, to some extent, there is a trade-off between these two requirements.

ESTA's service is to interact effectively with people and organisations, often in short time periods, and the skill required to do this well needs to be monitored and improved continually. Our call-takers need superb skills to interact with people in immediate need. Our dispatchers, working with officers from other emergency organisations, need deep expertise to locate a resource that can provide a short-term response.

ESTA's managers need to interact continually with the management of at least 10 large public and private organisations to improve the quality of service. ESTA's management must remain mindful that entire service chains need to be considered, rather than dwelling on the triple zero service alone. More often than not, future service improvements will be conceived in the field, or as a result of new demand trends, with ESTA seeking to reflect these changes by augmenting its own systems and protocols.

Predictably, technologies that support the emergency service sector will change dramatically over the next few years. This will create significant challenges for ESTA to accommodate change while maintaining service levels. In this context, it is relevant to note that ESTA receives an average of 290 emergency calls per hour, all of which are important.

The past year has seen some significant developments: the implementation of the grid review by Ambulance Victoria; the installation of a new telephony system; and a pilot program involving the migration of VICSES calls to the lower-volume fire call-taking environment.

Arguably, the implementation of the Grid Review, as detailed in this report, is the most significant reform undertaken by Ambulance Victoria and ESTA for several years. The benefits accruing to Victorian citizens from this reform will be significant, reflected in improved response times for patients with acute needs.



Notwithstanding the implementation of this reform, ESTA's performance for ambulance calls needs to improve significantly. The same can be said for ESTA's performance with respect to SES calls. Precise plans are in place to deliver improvements.

I would like to thank our fellow emergency service organisations - Ambulance Victoria, Country Fire Authority, Metropolitan Fire Brigade, Victoria Police, and Victoria State Emergency Service - for presiding over strong working relationships with our call-takers and dispatchers.

I would also like to thank the officers from the Department of Justice and Regulation and Emergency Management Victoria (EMV) for working diligently to support our efforts and connecting us into the significant policy issues of the day.

Lastly, I would like to thank all our people – in Operations and Support Office, my fellow Authority members, and management for coping with a large increase in the volume of calls last year, while delivering significant reform.

Howard Ronaldson
Chairman

CEO'S REPORT

Demand for ESTA's services, in particular for emergency assistance, continues to grow in Victoria, with triple zero calls answered increasing by 8.3 per cent and events dispatched by six per cent during the year.

ESTA has experienced significant financial challenges which have persisted across its years of operation. As demand for services has been growing, the organisation is aiming for greater financial and operational sustainability for the long term. Important progress was made in cost control and financial management in 2015-16. Support staffing levels were reduced by 35.6 FTE, offset by an increase in Operations staff to service demand growth in the ambulance and police services. This establishes a foundation for an operationally improved and leaner ESTA, where financial performance and productivity are key areas of focus.

ESTA answered more than 2.5 million calls and dispatched more than 2.1 million events in 2015-16. It reported compliance against most of its emergency call-taking and dispatch performance benchmarks in nearly all months, across all agencies. There were five exceptions - four of these were by less than or equal to 0.5 per cent and the other was by 1.1 per cent.

ESTA undertook extensive analysis to understand the drivers of performance across all services. The primary focus was on emergency ambulance code 1 dispatch and VICSES storm emergency call-taking and dispatch services, which have under-performed over the long term. The analysis has informed initiatives and priorities for 2016-17. Insights into the police and fire services gained from the analysis will also be leveraged to mitigate demand growth and improve productivity and service to the community.

Replacement of the aged triple zero telephony platform improved the speed of ESTA's service to the community and provided the opportunity to manage the calls in more flexible ways. The \$15 million program funded by the Victorian government was delivered within budget and the migration was completed with no interruption to the telephone services.

ESTA has a low error rate and in 2015 ESTA was awarded the prestigious Accredited Centre of Excellence (ACE) by the International Academies of Emergency Dispatch. This placed ESTA in the top four per cent of world-wide users of the Advanced Medical Priority Dispatch System, the structured call-taking system used by ambulance call-takers.

Increased focus on the delivery of projects to support ESTA's partner agencies in the last quarter of 2015-16 enabled some major commitments to be met.

Through the grid review, ESTA supported Ambulance Victoria in improving ambulance allocation and better matching responses to patient needs.

Victoria Police and ESTA worked together to expand from 13 metropolitan talk-groups to 24, providing greater flexibility during periods of fluctuating demand and effectively doubling the potential airtime availability for Victoria Police and ESTA dispatchers.

Employees play a vital role in ESTA's performance and service to the agencies and community. Engagement survey results in December 2015 showed improvement, with an employee engagement score of 50 per cent and an uplift in the level of pride employees derived from working at ESTA, shifting from 66 per cent to 80 per cent in one year. The ESTA Operational Enterprise Agreement 2015 was agreed in principle in October 2015 and subsequently approved by the Fair Work Commission.

The support and guidance of ESTA's Chairman Howard Ronaldson, the ESTA Authority and its committees have helped to sharpen management's focus on performance, delivery and sustainability and strengthened the organisation's resilience. The Advisory Committee members - comprising senior representatives of the agencies, EMV and the Inspector-General of Emergency Management (IGEM) have shown renewed commitment and assisted ESTA management in shaping our forward plan. The EMV Chief Executive, Neil Robertson and the IGEM, Tony Pearce provided valuable support, guidance and oversight throughout the year.

I am immensely proud of the ESTA team and its individual and collective achievements and commitment to delivering a quality emergency call-taking and dispatch service for Victoria. Whether a frontline operator or a member of the support team, everyone has made a valued contribution.



Julia Oxley
CEO

VISION, MISSION, VALUES AND COMMUNITY

ESTA'S VISION

Saving time, saving lives.

ESTA'S MISSION

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

ESTA'S VALUES

Collaborative – We work as one towards common goals, contributing our ideas, skills and knowledge

Accountability – We are agile and take responsibility for our actions and decisions

Respectful – We respect people and value their contributions

Ethical – We act with honesty and integrity in everything we do

Supportive – We care for and support our colleagues, customers and the community

ESTA's values are in line with its policies on professional conduct and with the Victorian public sector and Emergency Management Victoria (EMV) values of Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights. They are used to guide ESTA's managers and employees in all aspects of their employment and involvement with stakeholders, service providers and the public.

ORGANISATIONAL STRUCTURE

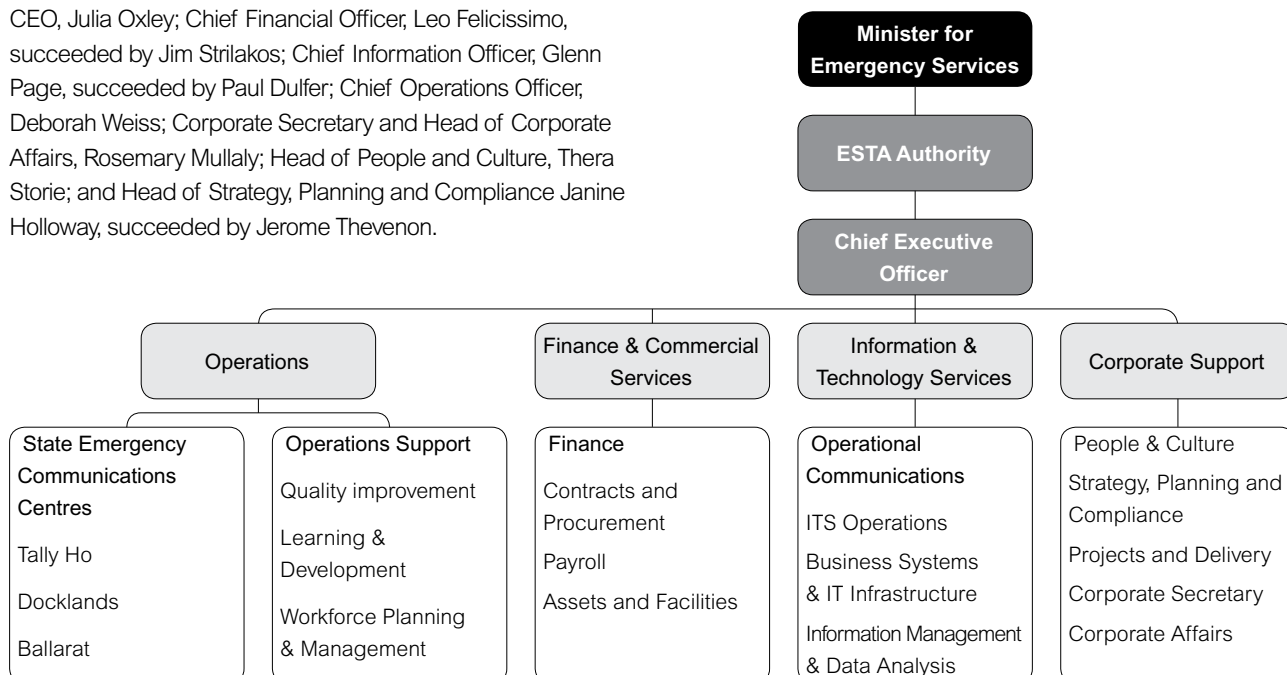
ESTA's Executive Leadership Team during 2015-16, comprised CEO, Julia Oxley; Chief Financial Officer, Leo Felicissimo, succeeded by Jim Strilakos; Chief Information Officer, Glenn Page, succeeded by Paul Dulfer; Chief Operations Officer, Deborah Weiss; Corporate Secretary and Head of Corporate Affairs, Rosemary Mullaly; Head of People and Culture, Thera Storie; and Head of Strategy, Planning and Compliance Janine Holloway, succeeded by Jerome Thevenon.

ESTA'S COMMUNITY

ESTA's purpose is to serve the Victorian community.

Key stakeholders during 2015-16 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
 - Emergency Management Victoria
 - 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
 - Bureau of Meteorology



ABOUT ESTA



ESTA ANSWERED MORE THAN 2.54 MILLION CALLS FOR ASSISTANCE IN 2015-16; ON AVERAGE THIS IS A CALL EVERY 12 SECONDS OR MORE THAN 6,900 A DAY. DURING THE SAME PERIOD, ESTA DISPATCHED MORE THAN 2.1 MILLION EVENTS, AN AVERAGE OF MORE THAN 5,800 EACH DAY OR ONE EVERY 15 SECONDS.

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 more than 2.54 million calls for assistance in 2015-16; on average this is a call every 12 seconds or more than 6,900 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 10.04 million data transactions on the Mobile Data Network (MDN); and delivering close to 1.3 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's staff 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, Tally Ho 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

The following tables outline key activities reflecting the growth in demand for ESTA's services in 2015-16.

HEIGHTENED ACTIVITY

ESTA experiences surges in demand from time to time due to factors such as extreme weather, bushfires or holidays such as Christmas Day and New Year's Eve. During these periods additional personnel are deployed to manage the increase in call and dispatch activity. ESTA draws upon information from the Victorian Emergency Management State Control Centre and Bureau of Meteorology to help prepare for these events and activates dedicated 'surge' workstations to minimise impacts to service delivery.

6 October 2015

Victoria experienced severe weather conditions with fire danger warnings forecast for much of the state. Temperatures in the mid-30s, combined with strong northerly winds and gusts of 100 km/h, resulted in a significant increase in calls to triple zero emergency. There were 63 CFA calls to ESTA in 15 minutes, representing a 688 per cent increase when compared to the days before and after the storm. Similarly, VICSES storm emergency calls reached activity levels 1000 per cent higher than the days before and after the storm.



DEMAND FOR ESTA'S SERVICES, IN PARTICULAR FOR EMERGENCY ASSISTANCE, CONTINUES TO GROW IN VICTORIA, WITH TRIPLE ZERO CALLS ANSWERED INCREASING BY 8.3 PER CENT AND EVENTS DISPATCHED BY SIX PER CENT DURING THE YEAR.

Activity

Activity	2011-12	2012-13	2013-14	2014-15	2015-16	Growth on LY	Four Year CAGR	Four Year Growth
Calls Taken	2,203,506	2,349,505	2,406,433	2,413,335	2,544,708	5.4%	3.7%	15.5%
Average calls per day	6,020	6,437	6,593	6,612	6,953	5.2%	3.7%	15.5%
Triple Zero emergency calls	1,531,557	1,620,164	1,657,441	1,707,209	1,849,042	8.3%	4.8%	20.7%
Non-Triple Zero emergency calls	367,673	374,909	387,419	363,295	381,909	5.1%	1.0%	3.9%
VICSES Storm (132500) calls answered	37,598	21,085	31,911	22,335	19,902	-10.9%	-14.7%	-47.1%
Non-Emergency and Operational Calls	242,891	288,527	290,193	262,852	204,883	-22.1%	-4.2%	-15.6%
Enquiry Calls	23,787	44,820	39,469	57,644	88,972	54.3%	39.1%	274.0%
Events Dispatched	1,690,775	1,859,524	1,980,925	2,013,273	2,133,502	6.0%	6.0%	26.2%

25 November 2015

ESTA answered a total of 8,947 calls on this date, a 26 per cent increase compared to the day before. A total fire ban was declared for parts of the state, and conditions were exacerbated by destructive winds reaching 100 km/h. At the peak of the storm, activity levels exceeded normal demand by up to 1,933 per cent.

30 November 2015

Victoria experienced another day of extreme weather conditions with warnings for severe fire danger declared for parts of the state. Call activity was at normal levels until approximately 3pm when the dangerous conditions resulted in significant increases in emergency call activity for CFA and MFB, and VICSES storm emergency services.

Wye River and Separation Creek fires

Sadly, 116 houses were lost in the Christmas Day fires that affected the coastal communities of Wye River and Separation Creek. ESTA was proud to support callers and field personnel throughout this event, with significantly higher fire call and dispatch activity experienced on Christmas Day and beyond. The fire continued to burn for several weeks which contributed to a 34.1 per cent increase in emergency calls for CFA areas when compared with December 2014.

Calls taken

Agency	2011-12	2012-13	2013-14	2014-15	2015-16	Growth on LY	Four Year CAGR	Four Year Growth
Victoria Police	1,118,000	1,209,697	1,245,593	1,296,049	1,416,144	9.3%	4.8%	26.7%
Ambulance Victoria	846,911	910,363	911,467	879,147	893,686	1.7%	1.1%	5.5%
CFA	118,028	134,681	134,713	141,415	143,622	1.6%	4.0%	21.7%
VICSES	74,407	48,695	66,654	50,683	49,758	-1.8%	-7.7%	-33.1%
MFB	46,160	46,069	48,006	46,041	41,498	-9.9%	-2.1%	-10.1%
Total	2,203,506	2,349,505	2,406,433	2,413,335	2,544,708	5.4%	2.9%	15.5%

New Year's Eve

ESTA experienced an anticipated increase in triple zero Call activity on New Year's Eve.

At 12.15am on New Year's Day, a new triple zero call was answered every 2.9 seconds, an estimated 253 per cent increase when compared with similar times during the previous weeks.

27 January 2016

Victoria experienced severe weather conditions with thunderstorms, heavy rainfall and large hailstones in parts of the state. At the height of activity, ESTA call-takers answered 2,533 per cent more calls than the days before and after the event, with a new SES storm emergency call being answered as frequently as once every 11.4 seconds.

18 March 2016

Destructive, damaging winds and thunderstorms with heavy rain and flash flooding were forecast for parts of Victoria. Increased call activity to triple zero emergency was experienced, with activity levels exceeding normal forecast demand by up to 1,500 per cent at the peak of the storm.

GROWTH IN DEMAND

Event dispatched

Agency	2011-12	2012-13	2013-14	2014-15	2015-16	Growth on LY	Four Year CAGR	Four Year Growth
Victoria Police	974,139	1,101,890	1,160,034	1,224,283	1,325,856	8.3%	8.0%	36.1%
Ambulance Victoria	611,744	654,408	703,873	680,493	699,675	2.8%	3.4%	14.4%
CFA	37,837	44,727	44,354	44,768	45,664	2.0%	4.8%	20.7%
MFB	36,776	38,316	39,950	40,184	40,435	0.6%	2.4%	9.9%
VICSES	30,279	20,183	32,714	23,545	21,872	-7.1%	-7.8%	-27.8%
ESTA TOTAL Events Dispatched	1,690,775	1,859,524	1,980,925	2,013,273	2,133,502	6.0%	6.0%	26.2%

Activity

Activity	2014-2015	2015-2016	Change (%)
Calls taken (via all numbers)	2,413,335	2,544,708	5.4
Events dispatched	2,013,273 ¹	2,133,502	6.0
Average calls per day	6,612	6,953	0.1
Triple zero emergency calls	1,707,209	1,849,042	8.3
Non-triple zero emergency calls	363,295	381,909	5.1
VICSES Storm (132500) calls answered	22,335	19,902	-10.9
Non-Emergency and Operational Calls	262,852	204,883	-15.6
Assisted ambulance with Code One events	337,111 ²	346,138	2.7
Assisted with children locked in cars	2,930	2,778	-5.1
Assisted police with pursuits	2,462	430 ³	-82
Assisted by phone with baby births ⁴	107	109	1.8
Burn-off events registered	78,514	80,071	1.9

Calls received

Agency	2015-16	% of total
Victoria Police	1,416,144	55.65%
Ambulance Victoria	893,686	35.12%
CFA	143,622	5.64%
VICSES	49,758	1.96%
MFB	41,498	1.63%
Total	2,544,708	100.0%

Events dispatched

Agency	2015-16	% of total
Victoria Police	1,325,856	62.14%
Ambulance Victoria	699,675	32.79%
CFA	45,664	2.14%
MFB	40,435	1.90%
VICSES	21,872	1.03%
ESTA total events dispatched	2,133,502	100%

1 The 2014-15 Annual Report mistakenly included double-counted Ambulance Referral Service figures, so correct figure is shown here, as reported to IGEM.

2 The 2014-15 Annual Report mistakenly included double-counted Ambulance Referral Service figures, so correct figure is shown here, as reported to IGEM.

3 Drop reflects changes in police pursuit protocols.

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

PERFORMANCE



ESTA MET OR EXCEEDED MOST OF ITS EMERGENCY CALL-TAKING AND DISPATCH PERFORMANCE BENCHMARKS DESPITE AN UNPRECEDENTED INCREASE IN DEMAND ON ITS SERVICES, WHICH SAW STATE-WIDE EMERGENCY CALL ACTIVITY INCREASE BY 7.6 PER CENT FROM THE PREVIOUS YEAR. THIS EQUATES TO ESTA RECEIVING AN EXTRA 158,000 EMERGENCY CALLS ANNUALLY.

PERFORMANCE AGAINST STANDARDS

Performance standards for ESTA's call-taking and dispatch are monitored by IGEM. ESTA reports monthly against these qualitative and quantitative standards.

State-wide performance standards apply for the fire services and VICSES. For Victoria Police and 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

In 2015-16, ESTA met or exceeded most of its emergency call-taking and dispatch performance benchmarks despite an unprecedented increase in demand on its services.

State-wide emergency call activity increased by 7.6 per cent from the previous year. This equates to ESTA receiving an extra 158,000 emergency calls annually. This is a combination of triple zero emergency calls, direct emergency calls from agency personnel and VICSES storm and flood calls.

ESTA met or exceeded triple zero call answer speed benchmarks in nearly all months across almost all agencies. There were five exceptions where performance was marginally below the benchmarks. Four of these were by less than or equal to 0.5 per cent and the fifth was for Victoria Police in December, where it was 1.1 per cent below the benchmark.

An area of non-compliance was with VICSES, where ESTA failed to meet performance standards for both emergency call answer speed and priority one dispatch regularly. 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.

ESTA also met most of its dispatch performance standards, despite dispatching 4.2 per cent more events to emergency services organisations than it did last financial year. This reflects the increase in emergency call volumes over the past few financial years. Ambulance code one dispatch continued to be an under-performing service with sustained improvements evident towards the end of the year.

PERFORMANCE

VICTORIA POLICE

ESTA:

- > Exceeded the performance benchmark of answering 80 per cent of emergency calls within 5 seconds in all but two months of the year.
- > Answered 82.9 per cent of calls for the year within five seconds⁵ with the average call answer time 7.6 seconds.
- > Exceeded the metropolitan area dispatch performance benchmark on a state-wide basis by dispatching 89.6 per cent of priority one Victoria Police events within the metropolitan benchmark time of 160 seconds.

AMBULANCE VICTORIA

ESTA:

- > Met or exceeded the metropolitan, regional, and state-wide performance standard for 90 per cent of calls to be answered within five seconds in all but one month of the year. Averaged a metropolitan monthly call answer performance of 92.3 per cent, with an average call answer time of four seconds.
- > Answered 96.6 per cent of ambulance non-emergency patient transport calls within 30 seconds, with an average call answer time of 4.9 seconds, and
- > ESTA did not meet the metropolitan performance standard of 90 per cent of code one events to be dispatched within 150 seconds. It dispatched 78.3 per cent of code one events across the state within the benchmark time, compared with 78.7 per cent last year.
- > ESTA and Ambulance Victoria continue to work together to identify initiatives that will improve Code 1 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 2016-17.

CFA AND MFB FIRE SERVICES

ESTA:

- > Exceeded the call answer performance standard of answering 90 per cent of emergency calls within five seconds, every month for the CFA and in 10 of 12 months for the MFB
- > Averaged a call answer time of 3.2 seconds for emergency CFA calls and 3.5 seconds for emergency MFB calls
- > Dispatched 93.4 per cent of MFB events within the benchmark time and met the performance standard in each month of the year.

⁵ 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.

- > Met the dispatch performance standard for CFA priority one in all but one month of the year with an average 91.5 per cent of CFA events dispatched within the benchmark.
- > The CFA priority three dispatch standard was not met in any month of the year. In-depth analysis and review of ESTA's performance against this standard was undertaken and process improvements to remedy the issues identified have been planned.

VICSES

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.

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 under 10 up to 1,211 calls per day. Only 16 days in the year exceeded 200 calls.

ESTA:

- > Did not meet the storm emergency call answer performance standard for ten months of the year.
- > Answered 77.2 per cent of storm calls for the year within the benchmark time of 20 compared with 70.6 per cent last year.
- > Took, on average, 44.8 seconds to answer incoming calls to the storm queue, compared to 54 seconds last year.
- > Did not meet the priority one dispatch standard in any month of the year, dispatching 83.8 per cent of priority one events within the benchmark time of sixty seconds.
- > Met the priority two and three dispatch standard in all months for the year, achieving a performance of 96.8 per cent of events dispatched within the benchmark time⁶.

The MFB and CFA have 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 agreed to participate in the trial which will commence in July 2016 and is expected to improve ESTA's call-answer performance for the VICSES storm service.

⁶ Urban priority two and three events – 460 seconds, Rural priority two and three events – 460 seconds, Other agency events – 230 seconds.

QUALITY PERFORMANCE

ESTA's Team Leaders and the Quality Improvement Team monitor and assess call-taking and dispatch qualitative performance using internal quality and service delivery audits. ESTA also receives qualitative performance information from other emergency service organisations via observation reports, which may include complaints, opportunities for improvement, or compliments on performance.

In 2015-16, ESTA received 861 observation reports, a reduction of 18.2 per cent compared with the previous year. Of these, ESTA identified that 580 offered opportunities for improvement. This equates to approximately one valid observation report per 3,580 events dispatched or 0.03 per cent of all total events.

Agency	Observation Reports Received	Opportunities for improvement	% Valid
Ambulance Victoria	518	388	74.9
Country Fire Authority	194	126	75.0
Metropolitan Fire Brigade	104	34	43.6
Victoria Police	14	11	78.6
Victoria SES	31	21	77.8
TOTAL	861	580	67.3

ESTA's performance in 2014-15, including the standards applied to emergency and non-emergency call-taking and dispatch services are further detailed in the Appendix.

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

PERFORMANCE

ACCREDITED CENTRE OF EXCELLENCE

In 2015, ESTA was awarded the prestigious Accredited Centre of Excellence (ACE) by the International Academies of Emergency Dispatch. This placed ESTA in the top four per cent of world-wide users of the Advanced Medical Priority Dispatch System, the structured call-taking system used by ambulance call-takers. A significant collection of work was gathered and submitted over 15 months, culminating in an onsite assessment across 20 points of accreditation. Some key areas included:

- > Confirmation that all 230 ESTA ambulance personnel were fully certified
- > Consistent case evaluations that met or exceeded the Academies' minimum expectations
- > Formalising and implementing policies regarding the use of ProQA across ESTA, and
- > Formal creation of a continuing dispatch education program.

The Academies presented the accreditation at the Australasia Navigator Conference in November 2015.

STRUCTURED CALL-TAKING FOR FIRE SERVICES

Following a successful period of consultation, ESTA introduced structured call-taking (SCT) into fire call-taking. SCT provides ESTA fire call-takers with an electronic resource to manage and collate information from Victorians who call for emergency assistance from the CFA or MFB. This improvement ensures ESTA's fire call-takers are supported in providing consistent and quality communications to all callers.

A JOB WELL DONE

ESTA was proud to receive a letter from the Emergency Management Commissioner, Craig Lapsley, thanking employees for their efforts during a long and challenging 'extended summer' period. The 2015-16 summer season presented a range of challenges from 4,995 grass and shrub fires to several extreme weather events, including 12,731 requests for VICSES assistance. Thankfully no lives were lost. The Commissioner acknowledged the shared responsibility of all those working in the sector, commending the successful transition from the traditional 'emergency services' approach to an all-encompassing emergency management approach that encourages connectedness and participation in Victoria's management of emergencies and community resilience.



INTERNATIONAL ACADEMIES OF EMERGENCY DISPATCH HONOURS ESTA EMPLOYEE

Long serving ESTA employee, Jim Pickering, was recognised by the International Academies of Emergency Dispatch with the Honoured Colleague Award, something that has been awarded just 38 times in the Academies' history. With 60,000 Academies members world-wide, it was an exceptional achievement. Jim was presented the award in front of friends and colleagues for his 'exemplary service, contribution, and leadership'.

DELIVERY AND PARTNER AGENCIES



ESTA WORKED WITH ALL ITS AGENCY PARTNERS ON SEVERAL MAJOR PROJECTS TO DELIVER ON OR PROGRESS THEIR REFORM AGENDA.

AMBULANCE VICTORIA GRID REFORM PROJECT

ESTA worked with Ambulance Victoria to improve ambulance resource allocation and better match ambulance response to patient needs. Aligning non-time critical patients with appropriate care assists with emergency ambulances remaining available for those that needed them most. This was achieved by incremental changes to the Ambulance Victoria response grid. The response grid informs ESTA dispatchers which emergency unit to allocate to patients based on their symptoms.

Additional services were provided for Ambulance Victoria's referral service as part of this work. Supporting delivery of Ambulance Victoria's strategic agenda, the changes saw over 300 event types reallocated across the response grid. To address the increasing demand for ambulances, the number of events categorised as requiring high priority response was significantly reduced and there was a reallocation of over 25 per cent of emergency events to the Ambulance Victoria referral service.

VICTORIA POLICE 24 METROPOLITAN TALK-GROUPS

The introduction of Protective Service Officers (PSOs), together with 1700 additional police members over the past three years, has caused significant growth in both the level of radio traffic on each of the metropolitan police radio talk-groups and in the demand experienced by the ESTA dispatchers who manage them. In 2015, ESTA and Victoria Police worked together to expand from 13 metropolitan talk-groups to 24. The changes provided the flexibility to manage talk-groups more efficiently during low radio network activity, while providing the ability to quickly expand in times of high demand.

The creation and activation of additional talk-groups effectively doubled the potential airtime availability for Victoria Police and ESTA dispatchers. It also allowed ESTA to implement different and more flexible configurations to distribute activity and workload. For example, during a significant fire in December, Banyule and Nillumbik police service area was split out from the Darebin and Whittlesea police service area, enabling the major incident to be managed extremely well without field units and field personnel being affected.

DELIVERY AND PARTNER AGENCIES

AMBULANCE PERFORMANCE AND POLICY CONSULTATIVE COMMITTEE

ESTA employees were involved in the Ambulance Call-taking and Dispatch Working Group, a sub-committee of the State Government's Ambulance Performance and Policy Consultative Committee (APPCC), chaired by the Minister for Ambulance Response. The APPCC released a report and action plan, of which one of the goals was to strengthen call-taking and dispatch arrangements. Work continues toward this goal, with ESTA and Ambulance Victoria working closely together on changes to the ambulance response grid and other improvements such as enhancements to current call-taker triage processes.

MULTI-AGENCY COMMUNICATION GATEWAY

ESTA received requests from agencies to transmit and/or improve access to data in the ESTA CAD system used by their staff through the use of mobile devices. These requests range from status updates to full two-way information related to events in CAD. These updates are currently delivered primarily via the voice radio networks from ESTA dispatchers who manually update CAD. Today, ESTA's CAD system does not allow for updates via radio or mobile devices as it does for the Mobile Data Network (MDN) used by Ambulance Victoria and Victoria Police.

It was identified that by combining these requests into one, the opportunity exists to build a common interface that is re-usable, scalable and where possible end-device agnostic to allow for any type of device to integrate with ESTA's CAD system. As a result of this, ESTA has commenced developing a proposal for acceptance by agencies to build an interface to accept the many devices the agencies wish to communicate with CAD.

The Multi-Agency Communication Gateway comprises four work streams and the first of these - which will examine the CAD environment and enable ESTA to plan for increased data traffic over time - has begun.

Work on a separate work stream, aimed at helping VICPOL pilot next-generation smart devices, will begin in July 2016, with the other streams following later.

ESTA sees many benefits for this initiative which is expected to reduce radio traffic as we enable status updates to CAD from the field.

PEOPLE



ESTA CONTINUED TO DRIVE IMPROVEMENTS IN THE SAFETY AND WELL-BEING OF ITS EMPLOYEES, SUCH AS THROUGH THE MENTAL HEALTH FIRST AID PROGRAM, WHICH WAS DESIGNED TO RAISE AWARENESS OF MENTAL HEALTH AND HELP EMPLOYEES IDENTIFY TRIGGERS IN THEMSELVES AND THEIR PEERS.

ESTA offers its more than 800 employees career paths serving the Victorian community. In 2015-16, 77 per cent of ESTA's workforce worked full-time, 19 per cent part-time, three per cent of employees casually and one per cent on contract.

ESTA reduced the number of employees working in the support office during the year, balancing this with an increase in frontline operators to service growth in demand. While attrition contributed to some of the support staff reduction, employees in redundant positions were assisted with counselling, redeployment, assistance with resume writing, and interview skills workshops, and formal assistance to find other work.

KEY FACTS:

Total employees (FTE)

Function	30-Jun-15 Adjusted Actual ⁷	30-Jun-16 Actual	Change (FTE) to Adjusted Actual
Call-taking and dispatch operations	567.4	601.2	33.7
Corporate support	179.8	144.2	-35.6
Total	747.3	745.4	-1.9

Total employees (headcount)

Function	Male	Female	Total
Call-taking and dispatch operations	225	491	716
Corporate support	76	84	160
Total	301	575	876

WORK HEALTH, SAFETY, REHABILITATION AND WELLNESS

The safety and well-being of ESTA's employees is a priority and the organisation continues to drive improvements in this area. ESTA worked to reduce the number and severity of health and safety incidents by strengthening its OHS systems and lifting ESTA's safety culture.

Actions included:

- > Provision of OHS due diligence training for executives and senior managers;
- > Launching a revised OHS policy and supporting manuals to drive continuous improvement;
- > Provision of further, individual OHS training focusing on mental health and wellbeing, acoustic shock injury prevention, and slips, trips and falls;
- > Creation of improved lead and lag performance indicators for better monitoring and tracking; and
- > Creation of a more streamlined hazard reporting and tracking process.

⁷ The ESTA 2015-16 Annual Report shows adjusted June 2015 FTE numbers to make them consistent with the methodology used in calculating the June 2016 FTE. The June 2015 FTE numbers reported in the ESTA 2014-15 Annual Report were averages for the year whereas the June 2016 FTE numbers are as per the last payroll run in June 2016.

PEOPLE

ESTA LIVE, WORK – BE WELL PROGRAM

The ESTA Live, Work – Be Well program began last year and was significantly enhanced. The Mental Health First Aid program was introduced and continues to gain momentum, with 38 employee volunteers now accredited and another 135 in training at 30 June 2016. The program is designed to raise awareness of mental health and help employees to identify triggers in themselves and their peers, aiding early intervention and healthy dialogue.

The ESTA Live, Work – Be Well program includes:

- > On-site and off-site employee assistance with free counselling availability 24/7;
- > Mental health first aid officers;
- > Pastoral care support;
- > Access to physiotherapy, general practitioner and psychiatric support for those employees who have suffered work place injuries; and
- > The commitment to establishing a peer support program, and a mainly insurer funded wellness website, with links to health support, financial, physical, and psychological health sites.

OPERATIONAL ENTERPRISE AGREEMENT

ESTA's Operational Employees Enterprise Agreement 2015 was negotiated over nine months in a positive negotiating environment with active employee and union engagement from the Communication Workers Union, United Voice and the United Firefighters Union. The Operations Agreement has a range of benefits for the Victorian community, ESTA and ESTA employees, including pay increases and a service and quality improvement schedule that supports flexible working arrangements.

The nominal expiry date of ESTA's Operational Enterprise Agreement is 30 November 2018.



LEADING MENTAL HEALTH IN THE WORKPLACE

A Nine News story showcased our Mental Health First Aid workplace program and Andrea Johnston, an operator from the Tally Ho office, spoke as one of the Mental Health First Aid graduates. The then Minister for Emergency Services, Jane Garrett, visited Tally Ho SECC the same day to talk about the program's importance for first-responders such as ESTA call-takers, acknowledging the work of all ESTA staff in providing such a critical service to the community.

OHS LAG INDICATORS

Lost time frequency injury rates (defined as injuries with less than 10 days lost time at work) and serious lost time frequency rates (defined as injuries with greater than 10 days lost time at work) have significantly declined in recent years as ESTA has focussed on improving employee health and safety outcomes.

Measures included:

- > Revitalising OHS committees
- > Training management and employees
- > Improved reporting
- > Financial investment in occupational health, and
- > Safety improvements such as injury specialist, ergonomic improvements and a wellness program.

EMPLOYEE ENGAGEMENT

ESTA measures employee engagement and alignment levels using independent employee surveys. In 2015-16, ESTA implemented an employee engagement plan that was created after a series of employee focus groups. Engagement survey results in December 2015 showed an improvement of six per cent to 50 per cent.

ESTA also participated in the Victorian Public Sector Commission People Matter survey in May 2016. Employee engagement in the People Matter survey was measured at 59 per cent engagement.

The organisation will continue to work toward improved engagement across its workforce.

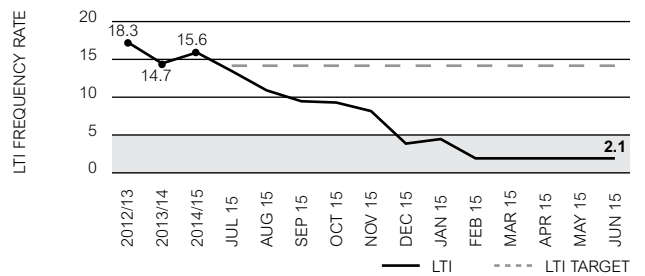
EMV AND SECTOR PRIORITIES

ESTA participated in the Emergency Management Victoria (EMV) Gender and Disaster Committee. The committee evaluated the recommendations and conclusions of research on the impact of gender in communities particularly during emergencies and disasters such as Black Saturday. It also led a range of initiatives in gender and leadership, appropriately addressing concerns in relation to gender in disaster, and being GLBTIQA in disaster workshops. ESTA also participated in other EMV workshops and learning and development where available.

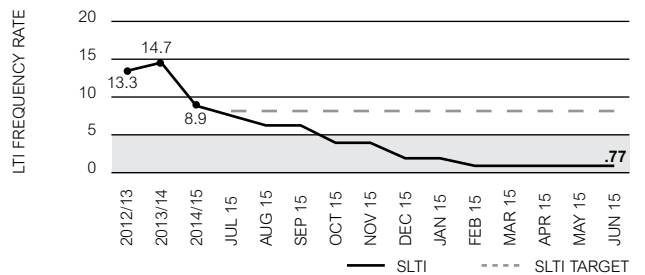
REVIEW OF ESTA VALUES

ESTA's new values were co-created by employees through several focus group sessions with employees and managers. ESTA's values are intended to drive high standards of professionalism. The new values were endorsed by the Authority and launched in September 2015.

LTI FREQUENCY RATE – 12 MONTH ROLLING AVERAGE



SLTI FREQUENCY RATE – 12 MONTH ROLLING AVERAGE



PEOPLE

LEADERSHIP DEVELOPMENT

ESTA continued its Diploma of Leadership and Management program, in conjunction with Swinburne University; the diploma is in its fifth year. Eighteen frontline leaders successfully graduated with a diploma in 2015 with action projects completed by the students relating to computer aided dispatch (CAD) capability, employee induction and on-boarding, operations employee mentoring, ESTA's quality culture, and developing an ESTA peer support program. Another 20 team leaders and frontline leaders began a new look and extended Diploma of Leadership and Management program in 2016.

ESTA is reshaping its leadership program across all leadership levels to reinforce the development gained through our formal programs with an expanded informal offering including coaching, mentoring, developmental projects and secondment experiences. ESTA is also transitioning to use the Korn Ferry Leadership Architect Global Competency Framework to develop its leaders.

ESTA IS A REGISTERED TRAINING ORGANISATION

ESTA successfully gained re-accreditation as a Registered Training Organisation (RTO) for call-taking and dispatch certificate courses. A pilot of dedicated full-time Operations Learning and Development Facilitators was completed to enhance internal training opportunities. The Operations Learning and Development team also introduced an e-learning assessment tool, to electronically automate and report on assessments. Across the three SECCS, 34 accredited certificate training courses (with 174 learners) were delivered through the ESTA RTO for new employees and as up-skilling for call-takers and dispatchers.

ADDITIONAL TRAINING INITIATIVES

ESTA implemented an e-learning training tool to deliver compliance training and partnered with the Victorian Equal Opportunity and Human Rights Commission to deliver face-to-face training. Operational employees were educated on emergency management reforms in ambulance, police, SES and fire as appropriate. Customer service training was delivered to operational employees. Re-accreditation of ambulance operators as emergency medical dispatchers with the International Academies for Emergency Dispatch was also completed.



SERVICE RECOGNITION

ESTA celebrated five, 10, 15 and 20 years of service with 135 employees, 51 of whom attended a celebration at the Melbourne Museum with their families.

EMPLOYEE RECOGNITION

A review of ESTA's recognition program to make it more meaningful for our people was also commenced and concluded during the year.

ESTA officially launched its new Performance and Professional recognition program in June 2016. Awards formally recognise significant and outstanding performance and professionalism.

COMMUNITY ENGAGEMENT



ESTA HAS CONTINUED TO DEVELOP ITS ENGAGEMENT THROUGH INITIATIVES SUCH AS THE JUNIOR TRIPLE ZERO HEROES AND THE ROYAL CHILDREN'S HOSPITAL GOOD FRIDAY APPEAL, AND PROMOTED COMMUNITY SAFETY THROUGH SOCIAL MEDIA AND PARTICIPATION IN THE TRIPLE ZERO AWARENESS WORKING GROUP.

ESTA has increased its use of social media to improve community engagement and is achieving promising results. Facebook likes have grown by 43 per cent over the year and the Twitter feed now has 952 followers.

ESTA's employees are active in fundraising and awareness-raising for a wide variety of charities and causes.

JUNIOR TRIPLE ZERO HEROES

A total of 29 young Victorians aged between four and 15 were named Junior Triple Zero Heroes for calls they made to triple zero.

Nominated by the ESTA operators who took their calls, the young heroes received their awards from the Emergency Management Commissioner, Craig Lapsley at a ceremony in May.

In its twelfth year, the awards recognised heroes including:

- > 10-year-old Isabella who called triple zero when a fire broke out in the kitchen of her family home using a mobile phone without a SIM card.
- > Eight-year-old Jamuna who was guided by the triple zero operator to perform life-saving CPR on her father when he wouldn't wake up.
- > 10-year-old Nikita who reported a car rollover while her mother tended to the young driver trapped inside the car with possible head injuries.

The Awards ceremony received extensive and widespread media coverage, with two of the heroes featured on national radio.

EMERGENCY AWARENESS

ESTA continued to support the promotion and further development of the Federal Government funded 'Emergency+ App' via the Triple Zero Awareness Working Group, an Australian sector-wide body. The 'Emergency+ App' helps users connect to triple zero and the SES storm emergency line 132 500. It shows location information using smartphone GPS technology to callers that can assist ESTA call-takers in locating them.

ESTA FUNDRAISING

ESTA employees raised a new record total of \$6,000 for the Royal Children's Hospital Good Friday Appeal, our key annual fundraising effort. For the sixth consecutive year, ESTA staff volunteered their time and efforts to help raise much needed funds for equipment, research and education to support the work of the Hospital.

ESTA also participated in a variety of other fundraisers throughout the year.

ESTA's CEO, Julia Oxley, participated in the Principal for a Day program, the aims of which include to:

- > Increase understanding and awareness between schools, business and the wider community; and
- > Provide business/community leaders with first-hand and current experiences of schools.

INFORMATION AND TECHNOLOGY SERVICES

COMPUTER AIDED DISPATCH – CAD

ESTA's CAD system combines hardware, software and map data to help ESTA operators connect the public with the most appropriate emergency service for their needs.

A key component of Victoria's centralised emergency response infrastructure, it also enables the location and verification of all event and emergency resource locations, which is critical to facilitating a timely response.

Further, the system integrates with other services, providing notifications to appropriate resources and data streams in real time.

Performance

During 2015-16, the CAD service exceeded its 99.8 per cent target for service availability, achieving 100 per cent for all three SECCs. This reflects an improvement over the 99.8 per cent availability performance for 2014-15 and is testament to the government-funded CAD upgrade and resilience works undertaken in recent years. There were no unplanned outages.

ESTA maintains a high grade of operational management of the CAD system and regularly performs non-service affecting works to deliver continual service improvements.

Continual service improvements

ESTA worked closely with its vendors to implement a CAD software release in December 2015, incorporating changes to ambulance structured call-taking.

Benchmarking activities were completed on key CAD hardware which performs the identification and recommendation of the most appropriately located resource to an event. This benchmarking identified areas of improvement, which have been addressed through a hardware refresh. Specialist hardware was upgraded, which resulted in a significant improvement in both functional resilience and performance for ESTA operators.



THE COMPUTER-AIDED DISPATCH (CAD) SERVICE EXCEEDED ITS 99.8 PER CENT TARGET FOR SERVICE AVAILABILITY, ACHIEVING 100 PER CENT FOR ALL THREE STATE EMERGENCY COMMUNICATION CENTRES, WHICH IS TESTAMENT TO THE GOVERNMENT-FUNDED CAD UPGRADE AND RESILIENCE WORKS UNDERTAKEN IN RECENT YEARS.

UPGRADE OF TRIPLE ZERO TELEPHONY PLATFORM

This year ESTA finalised its upgrade of the platform supporting all triple zero emergency calls. This new technology has improved the speed of the service we deliver to the community and provided the opportunity to manage the calls in more flexible ways. The migration was completed seamlessly with no interruption to the telephone services.

The government funded \$15 million program was delivered within budget and ahead of the old system transitioning out of vendor support.

MOBILE DATA NETWORK – MDN

The MDN is a secure, fixed and wireless digital telecommunications service that provides robust data connectivity across Victoria between mobile data device equipped emergency service personnel in the field, the agency data networks, and ESTA's CAD environment.

The MDN service enables:

- > The efficient dispatch of events to field resources for Victoria Police and Ambulance Victoria.
- > In-field enquiry of secure databases such as the Law Enforcement Assistance Program (LEAP), used by Victoria Police
- > Automatic Vehicle Location which facilitates both the identification of the closest appropriate emergency service resource to an event, and to personnel duress alerting that also provides the location of an agency resource under duress.

Performance

The MDN core network delivered a high level of service for 2015-16, achieving an availability of 99.97 per cent, well exceeding its performance target of 99.90 per cent.

The MDN delivered an increase of over 16 per cent in transactions for 2015-16, compared with the previous year; this is attributed mainly to an increase in LEAP inquiries. The increased use of handheld data terminals is the main driver for the upward trend of transactions and is projected to continue as increased agency productivity and state-wide service availability drives the service demand.

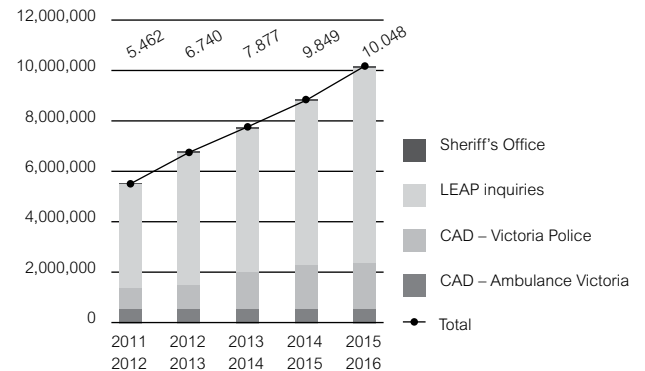
Continual Service Improvements

ESTA upgraded MDN terminal software to enhance functionality for users and the core MDN service infrastructure was upgraded to improve resilience and extend its supportable life.

A change in primary network connection was made in mobile data terminals, transitioning them to operate primarily on a commercial telecommunications carrier network, with the dedicated MDN radio data network available for redundancy and supplementary coverage benefits.

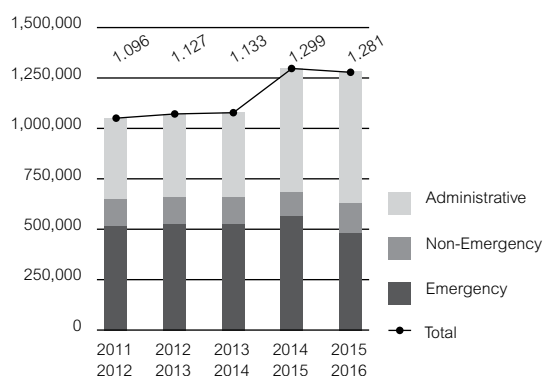
Handheld data tablet devices were implemented to replace the laptop data terminals used by Victoria Police and Ambulance Victoria deployment to the Royal Flying Doctor Service. Police requirements for a more mobile data connected workforce and the successful earlier deployment of laptop data terminals led to ESTA working with its vendors to deliver suitable handheld data tablet devices to police.

MDN TRANSACTIONS



INFORMATION AND TECHNOLOGY SERVICES

EAS MESSAGING VOLUMES



EMERGENCY ALERTING SYSTEM – EAS

The EAS is a dedicated mission critical alerting system used to alert and simultaneously mobilise CFA, VICSES and Ambulance Victoria resources for both career staff and volunteer members. These emergency services personnel are dispatched to incidents via text messages received on EAS personal paging devices.

The EAS network comprises 227 sites distributed across Victoria, transmitting messages to approximately 42,000 pagers. The EAS has proven to be an extremely reliable and efficient method of alerting emergency services personnel to critical incidents, able to sustain a high level of service during high demand, peak events and operating autonomously when alternative carrier networks or similar experience large scale outages.

ESTA continues to govern the management of the state-owned assets that make up the EAS network and coordinate co-location access onto state telecommunication sites.

Since transitioning from a public private partnership contract to the state of Victoria in late 2012, the EAS service continues to be operated and maintained under a vendor support contract.

Performance

The 2015-16 EAS service performance resulted in delivery of 1.28 million messages with an overall message delivery success rate of 99.999 per cent, well above the target level of 99.95 per cent.

Continual service improvements

Completion of three new broadcast sites improved the EAS coverage in the townships of Creswick, Ouyen and Myrtleford adding to the already extensive service coverage area of more than 95 per cent of the state.

Service improvements were made during the year to improve in building coverage for emergency services locations that have experienced service coverage degradation due to industry changes in building design and standards.

State Government funded improvements have also been realised showing considerable improvement of message delivery performance during major storm and fire events throughout the year with emergency events experiencing no delay in message delivery.

METROPOLITAN MOBILE RADIO – MMR

The MMR network continued to perform at an outstanding level throughout the year with performance levels at 100 per cent. A major network upgrade commenced in November replacing the microwave links across all sites. During 2015-16, ESTA extended the MMR services term to mid-2018, ensuring continuity of service for the agencies while longer term plans are being developed.

KEY DELIVERABLES

Technology refresh

ESTA is now in the final stages of delivering the Technology Refresh Project. This project delivered an update or replacement to a number of discrete areas of technology supporting ESTA's CAD and corporate business operations. These items had reached their technical end-of-life stage and the main driver for the project was risk mitigation, to ensure the continuity of ESTA services.

The corporate workstation replacement was completed in 2015. The CAD workstation refresh activities have been in progress throughout 2016. After a thorough procurement process, ESTA appointed a vendor for the CAD workstation replacement program. This is a significant investment for a critical function within our organisation, and ensuring it is fit for purpose, capable of meeting our future needs and provides value for money has been a priority.

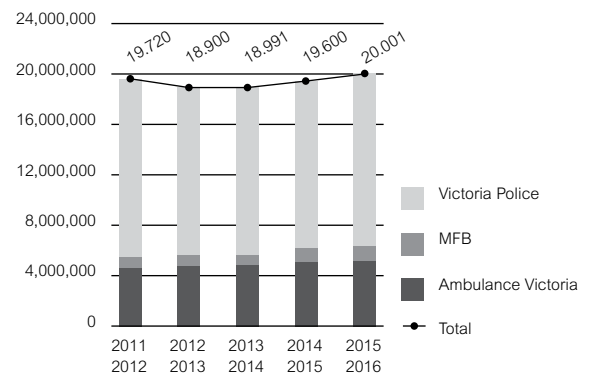
Roll-out has been ongoing throughout late June and July 2016 and is on track for final implementation in July 2016.

Service management application

ESTA upgraded the service management application to streamline processes and improve service management capabilities within the organisation, and to agencies. This activity followed recommendations from the 2011 CAD Resilience Review, and it saw the implementation of Governance and Risk, Contract Management and Service Requests. Throughout 2016-17, ESTA will implement further modules.

To enhance the service delivered to internal and external customers ESTA introduced a 24-7 Service Desk to ensure all calls are answered and actioned in a timely manner. The desk is to become the single point of contact for fault reporting and is aimed at improving support to Operations outside business hours.

MMR RADIO CALLS



Smarter Systems

The Smarter Systems project is ready to deliver the final components of improved processes and systems for ESTA operations staff.

The remaining component will allow all operations staff to apply for leave, shift swaps and overtime bidding online rather than through the current manual form process, meaning quicker responses to leave requests, a fairer distribution of leave allowances, and a reduction in workload for team leaders.

Following final configuration of the system, staff training will occur, using a self-paced module which can be completed at work or from home.

We have undertaken replanning to ensure this implementation can be done around other activities like the Ambulance Grid implementation and induction training for new operational staff.

RISK MANAGEMENT



ESTA HAS ENHANCED ITS RISK MANAGEMENT CAPABILITIES BY DEVELOPING AN EVIDENCE-BASED FOUR-YEAR CORPORATE PLAN IN CONSULTATION AND WITH THE SUPPORT OF THE AGENCIES, EMV AND IGEN.

ESTA has enhanced its risk management capabilities during the year by:

- > Developing an evidence-based four year Corporate Plan in consultation and with the support of the agencies, EMV and IGEN;
- > Establishing a data science team to provide scientific analysis and supporting evidence for all planning and compliance activity such as the Corporate Plan, business cases, performance analysis and audits;
- > Undertaking detailed analysis of key areas of under-performance and prioritisation of initiatives to redress these;
- > Developing and monitoring a business continuity and resilience program to provide assurance of ESTA's readiness in case of a major disruption event; and
- > Identifying the need for several sustainability initiatives in the next financial year and creating a Sustainability Program to scope them.

CORPORATE PLANNING

ESTA's draft Corporate Plan - completed during the year - presents a four-year forecast of activity and has been endorsed by all agencies in the sector. ESTA has put in place frameworks to estimate and forecast initiative costs and workload and control change to provide assurance that the plan is realistic.

DATA SCIENCE

ESTA has combined data science and corporate planning to provide required insights and forecasts for the Corporate Plan. It has also started to focus on performance drivers with detailed studies on all services starting with the ambulance service.

BUSINESS CONTINUITY AND RESILIENCE

Several initiatives throughout 2015-2016 helped develop ESTA's organisational resilience.

ESTA has identified several key resilience characteristics that will contribute to an overarching program able to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions.

An example is the all agency business continuity desktop exercise that ESTA led as part of its training and testing program. The aim of 'Exercise Murray' was to explore the business continuity response and impact on ESTA and the agencies as a result of a significant bushfire event at the ESTA Ballarat SECC. Key learnings and recommendations will strengthen the preparedness for the forthcoming bushfire season.

The implementation of the Post Incident Review and the Incident Management Framework allows ESTA to identify and review significant events. This supports ESTA's ethos of continuous improvement.

INTERNAL AUDIT AND RISK MANAGEMENT

ESTA has renewed its risk approach with the redevelopment of a risk profile, a measurable risk appetite and the implementation of a new tracking system for risk management. Key performance indicators have also been strengthened to ensure continual improvement and accountability. These are reported monthly to ESTA Authority. ESTA continues to comply with risk management government legislation.

ESTA's internal audit program continued to give detailed focus to critical areas of the business to identify gaps and opportunities for improvements across the organisation. There were 10 internal audits this year. Five were completed as at 30 June: IT Security, Capacity and Lifecycle Management (2), Projects – Design and Implementation, Complaints Management and Occupational Health and Safety.

FINANCIAL PERFORMANCE

ESTA FINANCIAL GOVERNANCE

ESTA has experienced significant financial challenges over the past few years. With demand for services growing at more than five per cent a year, the organisation is working with government for greater financial and operational sustainability. Accordingly, the Department of Justice and Regulation initiated a financial review of ESTA's financial position to ascertain the structural funding deficit. The review was completed in December 2015.

ESTA is continuing to undertake significant financial governance reform to improve its financial management and performance. Greater scrutiny of discretionary costs, analysis of margins by service, efficiencies in delivering support services, and better project cost recovery processes have translated to an improved performance in 2015-16 compared with the previous year. This establishes a leaner and operationally focused ESTA, where serviced performance, financial sustainability, and productivity are the key areas of focus.

FINANCIAL RESULTS

ESTA's financial statements for 2015-16 are included in this Annual Report. The organisation's consolidated net result reflects a combination of its lines of business:

- > **Call-taking and Dispatch Operations** – 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; and
- > Support and administrative functions, including customer services.



ESTA IS CONTINUING TO UNDERTAKE SIGNIFICANT FINANCIAL GOVERNANCE REFORM TO IMPROVE ITS FINANCIAL MANAGEMENT AND PERFORMANCE.

The net result for 2015-16 is a deficit of \$0.9 million, an improvement from the 2014-15 deficit of \$17.6 million. The 2015-16 result comprises:

	Net Result Surplus / Deficit	
	2015/16	2014/15
	\$'000	\$'000
Net result by line of business:		
CTD Operations	8,815	(3,888)
Operational Communications	(822)	(4,197)
Projects	(931)	(3,487)
Support	(7,933)	(6,055)
Net Result	(871)	(17,627)

The summary highlights that each of ESTA's lines of business, except for CTD Operations reported a net loss in 2015-16. Included in the overall net result is depreciation and amortisation totalling \$28.1 million, \$19 million of which relates to the state-owned operational communications assets now managed by ESTA.

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 standards for recognition of grant income may result in revenue and matching expenditure being recognised in different periods, especially for multi-year Department of Justice and Regulation (DJR) funded projects and state contracts.

ESTA's cash at bank and investments in money market instruments at 30 June 2016 of \$23.8 million include amounts earmarked for employee entitlements and amounts quarantined under the provisions of contracts managed on behalf of the state and multi-year projects. At 30 June 2016, these amounts total \$18.73 million. Cash and equivalent holdings decreased by \$1.9 million from 2014-15.

EXPENDITURE

ESTA's total expenses for 2015-16 are reported at \$199.8 million, an increase of \$2 million on the previous year. However, ESTA's underlying cost base increased by about \$8 million (or four per cent) because ESTA's accounts are subject to significant year-on-year fluctuations in relation to the accounting of state contracts it manages. For example, in the 2014-15 year, there was a once-off expenditure to transfer assets to the department for \$8.6 million. It also takes on and manages key sector projects, many with multi-million dollar budgets. These contract requirements and funded projects contribute to significant year-on-year variations to ESTA's underlying business net result and cash flows. In 2015-16, these contracts and projects included the Triple Zero Communications Enhancement project and the replacement of microwave links across the state via the MMR contract.

ENVIRONMENT

There were no significant operational changes during the 2015-16 year that have influenced ESTA's environmental performance. ESTA's environmental management strategy will be reviewed in the 2016-17 financial year; this will include objectives and targets to manage its commitment to sustainability. The nature of ESTA's 24-hour a day, year-round operations contributes to its relatively high energy consumption. ESTA has a high reliance on electrical equipment, such as computers and data storage devices, which enable it to serve the community. ESTA will also be updating the maintenance regime for its electrical and environmental infrastructure which will help improve its efficiency in energy consumption and minimise unnecessary power use.

PAPER CONSUMPTION

Paper usage continues to show a slight decrease which reflects the change in habits around information storage due to the activity-based working style in the Support Office. Additionally, during July 2016, ESTA implemented 'follow me printing' which will enable reports to be generated to enable analysis of printing within ESTA with an aim to further reduce printing requirements.

ENERGY AND FUEL CONSUMPTION

Electricity consumption per FTE has decreased from the previous year. No single change can be attributed to this decrease but, over the coming 12 months, the power factor correction unit at the Burwood East site will be restored, which will provide optimum power to the site and reduce consumption.

WATER

Water consumption increased slightly over the previous year. One contributing factor to this increase is the aging East Burwood site with plumbing issues causing water waste. Analysis into water saving methods is being considered as part of the maintenance plan for all of ESTA's locations. The World Trade Centre is located in a multi-tenanted building and not metered separately. Consumption has not been included in these calculations.

WASTE

ESTA waste measurement is undertaken by audit which samples the proportion of recycling and landfill waste. In 2015-16, ESTA saw an increase in tonnes of CO² from our operations. In 2016-17, ESTA will reinvigorate the recycling program throughout the organisation to assist in reducing the tonnes of waste.



TRANSPORT

ESTA employees use corporate vehicles to travel between the operating centres to attend meetings with suppliers or customers and to visit transceiver sites as part of their responsibilities.

ESTA also uses the State Government travel supplier when booking any air or rail travel this usage is included in the calculations. The Facilities plan for 2016-17 includes analysis on the number of vehicles ESTA currently has and the type of power/fuel in use in order to improve the emissions in this category.

SUSTAINABLE PROCUREMENT

ESTA's procurement strategy includes environmentally sustainable procurement activities such as environmental weighting factors in relevant tender evaluations. ESTA policy requires the recycling of equipment that is no longer required, including via donation, and it also engages suppliers to dispose of equipment by environmentally sound methods. These activities were in line with Victorian Government Procurement Board procurement guidelines.

GHG EMISSIONS

ESTA's GHG emissions per FTE have decreased over the previous year.

Environment Aspect	Description	Unit of Measurement	Fin. Year 2015 - 16	Fin. Year 2014 - 15	Fin. Year 2013 - 14	Fin. Year 2012 - 13	Fin. Year 2011 - 12	Fin. Year 2010 - 11
Paper	Use per FTE	Reams per FTE	3.5	3.7	3.7	3.4	4.4	4.8
	Total Use	Reams	2,628	2,751	2,823	2,566	3,199	3,215
	Total GHG emissions	Tonnes CO ² equivalent	9.2	9.6	9.9	9.7	15.1	15.2
Energy (Electricity & Gas)	Use per FTE	Megajoules per FTE	20,009	20,420	18,768	19,438	21,657	21,320
	Use per square metre of office space	Megajoules per m ²	1,535	1,654	1,649	1,797	1,565	1,768
	Total Use	Megajoules	14,914,883	16,061,141	14,733,228	15,006,136	15,679,453	14,220,157
	Total GHG emissions	Tonnes CO ² equivalent	3,665	3,946	3,620	3,687	3,852	4,296
	Green Power	%	25	25	25	25	25	25
Water	Consumption per FTE	Kilolitres per FTE	5.5	4.6	4.3	6.4	3.5	4.0
	Total Consumption	Kilolitres	4,122	3,432	3,313	4,955	1,246	1,153
	Total GHG emissions	Tonnes CO ² equivalent	9.6	8.0	7.7	11.5	2.9	2.7
Waste	Generated per FTE	Kilograms per FTE	55	35	43	63	42	47
	Total Recycled	%	33	26	28	28	59	58
	Total GHG emissions	Tonnes CO ² equivalent	57.0	22.1	15.4	39.7	15.0	13.3
Transport	Fuel (petrol)	Litres	7,254	7,742	5,530	6,508	6,212	4,766
	Operational	Km	82,447	88,687	49,700	65,773	59,555	61,244
	Kilometres travelled							
	Vehicle emissions	Tonnes CO ² equivalent/1000km	0.36	0.39	0.22	0.28	0.24	0.18
	Total GHG emissions	Tonnes CO ² equivalent	14.7	15.7	11.2	18.4	14.2	10.9
GHG Emissions	Total GHG emissions for Fin. Year	Tonnes CO ² equivalent	3,755	4,002	4,196	3,606	4,740	4,338
	Total GHG emissions per FTE	Tonnes CO ² equivalent	5.0	5.4	5.3	4.7	6.5	6.5
FTE			745.40	747.30	785.71	767.23	729.23	667.38

CORPORATE GOVERNANCE

EMERGENCY SERVICES TELECOMMUNICATIONS AUTHORITY AND COMMITTEES

The Authority is responsible for ESTA's corporate governance. The Government appointed a full-time Chairman to the Authority in early 2016. The Authority's Committee structure was reviewed and Committee arrangements strengthened, including with the appointment of Independent Members and more robust meeting schedules.

CURRENT MEMBERS

The ESTA members during 2015-16 comprised:

Mr Howard Ronaldson – (Chairman)

Mr 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. Mr Ronaldson also Chairs the ESTA Advisory Committee and is a Member of its Finance Committee.

Ms Christine Collin – (Member)

Appointed as a Member of ESTA in May 2015, Ms Collin 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, Ms 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 served as Deputy Mayor from 2014 to 2015. She 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.

Mr Paul Henderson – (Member)

Appointed as a Member of ESTA in May 2015, Mr 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 and is a Member of its ICT Committee.

RETIRED MEMBERS DURING 2015-16

Ms Christina Gillies (Member July 2005 – January 2016)

Miss Marion Lau OAM (Member February 2013 – January 2016)

Mr Roger Leeming (July 2006 – January 2016)

Mr Stewart Leslie (Member July 2009 – January 2016)

Mr Greg Tweedy (Member September 2012 – September 2015)

Mr John Yates (Member August 2013 – September 2015)

COMMITTEES

The Authority operated five Committees in 2015-16:

- > ESTA Advisory Committee;
- > Audit, Risk Management and Compliance Committee;
- > Finance Committee (commenced in March 2016);
- > Human Resources and Remuneration Committee (until February 2016); and
- > Information and Communications Technology Committee.

ESTA ADVISORY COMMITTEE

The ESTA Advisory Committee is appointed by ESTA 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 2015-16, the Advisory Committee comprised representatives from the following organisations:

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

The Committee met five times during the year and was chaired by a Member of the ESTA Authority, and attended by an IGEM observer.

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Committee was strengthened in March 2016 to include three Independent Committee Members in addition to two serving Authority Members. The 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 Mary Delahunty (Authority Member)
- > Mr John Gibbins (Independent Member)
- > Ms Kerryn O'Brien (Independent Member)
- > Mr John Rogan (Independent Member)

FINANCE COMMITTEE

The Committee was established in March 2016. Its priorities are:

- > The development 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 and Regulation, Mr Shaun Condron, Chief Financial Officer, and Mr Neil Robertson, Chief Executive EMV.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee concluded in February 2016, with oversight of ESTA's Human Resources policies, and employment terms and conditions, transferred back to the Authority for its oversight.

ATTENDANCE AT AUTHORITY AND COMMITTEE MEETINGS

Authority Members	Authority		ESTA Advisory Committee		Audit, Risk Management & Compliance Committee		Finance Committee		Human Resources Committee		Information & Communications Technology Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Howard Ronaldson	5	5	3	3		2	5	4		1		
Christine Collin	11	11	1	1		1				1	3	3
Mary Delahunty	11	10			5	3	5	5	1	1		
Christina Gillies	5	5							1	1	2	2
Paul Henderson	11	11			4	4			2	2	2	1
Marion Lau	5	5							2	2		
Roger Leeming	5	5								1		
Stewart Leslie	5	5			2	2						
Greg Tweedly	2	2	1	1	1	1						
John Yates	2	2			1	1					1	1

Column A – Number of meetings held during the time the Member held office. Column B – Number of meetings attended.

Independent Members of Committees	Audit, Risk Management & Compliance Committee		Information & Communications Technology Committee	
	A	B	A	B
John Gibbins	3	2		
Kerryn O'Brien	3	3		
John Rogan	3	3		
Julie Fahey			2	2
Randall Straw			2	1
Richard Tait			5	5

INFORMATION AND COMMUNICATIONS TECHNOLOGY COMMITTEE

The Committee was strengthened in March 2016 with an additional two Independent Committee Members joining the serving Authority Member and existing Independent Member. The Committee's priorities 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)
- > Ms Julie Fahey (Independent Member)
- > Mr Randall Straw (Independent Member)
- > Mr Richard Tait (Independent Member)

STATUTORY INFORMATION

Publications

An Annual Report for 2014-15 was published and presented to Parliament during the year. ESTA maintained a public website, and it published information via Facebook and Twitter. It also provided a range of internal communications to employees during the year.

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 2015-16, nine consultants engaged where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies was \$1.06 million (ex GST). Details of these consultancies are outlined below:

Details of consultancies (valued at \$10,000 or greater)

Vendor Names	Purpose of Consultancy	Expenditure 2015-16 (ex GST)
EIRIS CONSULTING PTY LTD	A number of engagements including ACMA Compliance Procurement Services, Planning Day Facilitation Services, Due Diligence Coordination Activities	\$165,520
INSYNC SURVEYS PTY LIMITED	Professional services for Employee Engagement Survey	\$12,500
KPMG AUSTRALIA	Various engagements including CAD upgrade project review, telephony continuous review	\$189,271
LANGFORD MANOR T/A LOSS PREVENTION GROUP OF AUSTRALIA	Advice on workplace investigation	\$26,206
MERCER CONSULTING (AUSTRALIA) PTY LTD	A number of engagements including, HR Effectiveness Monitor, Developing Framework for Enterprise Agreement, Remuneration advice for Management positions, HR Workshops	\$49,833
MINGARA AUSTRALASIA PTY LTD	Contingency funding review of State Managed Contracts (MDN, MMR, EAS); MDN Technical Advice and performance assessments; Provision of RMR Due Diligence Activities; Review & Assess TPN Sample Report	\$84,640
MINTER ELLISON	Legal advisory services on State Managed Contracts	\$167,805
PITCHER PARTNERS	A number of engagements including ACMA Compliance Procurement Services, Benefits Management Framework, Probity Advice for Communications Enhancement Project, Risk Review	\$294,939
SENATE SHJ	A number of engagements providing professional services in relation to strategic communications and issues support, including for matters before the Coroner's Court.	\$65,236
Grand Total		\$1,055,949

Note: Consulting services listing from 1 July 2015 to 30 June 2016, based on accrual accounting.

CORPORATE GOVERNANCE

There were two consultancies where the total fees payable to consultants were less than \$10,000. The total expenditure incurred during 2015-16 in relation to these consultancies was \$6,092 (ex GST). Details of these consultancies are outlined below:

Spending Under \$10K

Vendor Names	Expenditure 2015-16 (ex GST)
GQI CONSULTING PTY LTD	\$5,165
THE IN WRITING GROUP PTY LTD	\$927
Grand Total	\$6,092

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

Details of Information and Communication Technology (ICT) expenditure

For the 2015-16 reporting period, ESTA had a total ICT expenditure of \$107.805 million, with the details shown below.

ICT expenditure	'000
Business As Usual (BAU)	96,131
Non Business As Usual (non BAU)	11,674
– Operational expenditure	192
– Capital expenditure	11,482
Total	107,805

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

ICT expenditure refers to the Authority's costs in providing business enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non Business As Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to cost captured for the projects completed or work in progress during the year. 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 it made information available 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:

The 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

ESTA responded to 71 FOI requests during 2015-16 compared to 57 in 2014-15.

MINISTERIAL AUTHORISATION

ESTA relies mainly on Ministerial Authorisations to release information that would otherwise be confidential under the *Emergency Services Telecommunications Authority Act 2004* (ESTA Act), and therefore is unable to be released under the FOI Act. The authorisations allow ESTA, in specific 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.

PRIVACY LEGISLATION

ESTA is subject to the Information Privacy Act 2000 and the Health Records Act 2001 and is committed to protecting the privacy of personal and health information it collects and handles.

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.

ESTA welcomes any queries about its approach to privacy. People wanting to make a privacy inquiry should write to:

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

PROTECTED DISCLOSURE ACT 2012 (REPLACING THE WHISTLEBLOWERS PROTECTION ACT 2001)

ESTA's commitment under the Protected Disclosure Act 2012 includes protecting individuals who come forward with a public interest disclosure about any perceived improper conduct by ESTA or its employees. ESTA has implemented procedures to establish a system for reporting disclosures of improper conduct or detrimental action in accordance with the legislation. One protected disclosure complaint was investigated during the year.

DISCRIMINATION, BULLYING AND HARASSMENT

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.

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 reviewed its policies and procedures during the year to further ensure bullying and harassment are not tolerated. ESTA's policies and procedures 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. The organisation also commenced an organisation-wide bullying and harassment training program.

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 include:

- > Promoting its Reasonable Adjustment Policy to improve access to employment opportunities within ESTA and the ongoing employment of employees with a disability;
- > Ensuring access to all ESTA workplaces; and
- > An ongoing review of employment and other organisation policies and procedures, to ensure they are compliant with the Disability Discrimination Act.

CORPORATE GOVERNANCE

RISK MANAGEMENT AND INSURANCE ATTESTATION

I, Howard Ronaldson certify that the Emergency Services Telecommunications Authority has complied with the *Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes with the exception of two requirements with which ESTA partially complies*. ESTA has remedial actions in place to be fully compliant with the requirements by the end of financial year 2016-17. Partial compliance areas are:

- 1) Inter-agency and State significant risks are identified, addressed and managed as appropriate.
 - > ESTA has a number of formal governance mechanisms in place for inter-agency planning and issues management. The ESTA Advisory Committee and its subcommittees include representatives from the entire sector. These committees provide forums for regular information sharing regarding risk.
 - > ESTA has throughout the year identified several inter-agency risks including but not limited to: operational communication network black-spots, fire season preparedness, and the ability to guarantee data exchange for emergency management.
 - > ESTA has consulted extensively with the agencies on individual and sector priority issues and planned initiatives, and these have been incorporated into ESTA's Corporate Plan. ESTA's Corporate Plan has been supported by the agencies.
 - > ESTA cannot fully demonstrate at this time that every significant inter-agency risk is identified and managed; it will undertake further work to achieve full compliance by the end of June 2017.

2) Risk management processes consistent with the AS/NZS ISO 31000:2009.

- > ESTA fully complies with 30 of the 31 requirements of the standard with the exception of its IT Disaster Recovery Plan which is assessed as partially compliant.
- > To date ESTA has relied on high levels of designed systems resilience with the ability to failover to another centre in the event of an outage at one centre. While this failover capability has been tested as part of Business Resilience testing, a more fully developed IT Disaster Recovery Plan is required to consider different scenarios for outages and information security breaches.
- > The IT Disaster Recovery Plan for mission critical systems will be completed by 31 October 2016 with testing of relevant Disaster Recovery components to occur throughout 2017.

The Authority's Audit, Risk Management, and Compliance Committee verifies this.



Howard Ronaldson
Chairman

FINANCIAL STATEMENTS



Declaration	38
Victorian Auditor General's Office Independent Auditor's Report	76
Glossary of terms and acronyms	78
Appendix	80

DECLARATION

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

We certify that the attached financial statements for the Emergency Services Telecommunications Authority (ESTA) have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of ESTA as at 30 June 2016.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 22 August 2016.

On behalf of the Authority:



Howard Ronaldson
Chairman
Melbourne
22 August 2016



Julia Oxley
Chief Executive Officer
Melbourne
22 August 2016



Jim Strilakos
Chief Financial Officer
Melbourne
22 August 2016

COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June 2016	Notes	2016 \$'000	2015 \$'000
Income from transactions			
Revenue	4(a)	199,406	180,612
Total Income from transactions		199,406	180,612
Expenses from transactions			
Employee expenses	4(b)	90,995	83,449
Depreciation and amortisation	4(c)	28,053	25,619
Other operating expenses	4(d)	80,211	79,648
Interest expense	4(e)	248	361
Transfer of EAS assets	4(f)	246	8,623
Total Expenses from transactions		199,753	197,700
Net result from transactions (net operating balance)		(347)	(17,088)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(g)	(13)	(14)
Other gains/(losses) from other economic flows	4(h)	(511)	(525)
Total other economic flows included in net result		(524)	(539)
Net result		(871)	(17,627)
Comprehensive result		(871)	(17,627)

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

BALANCE SHEET

As at 30 June 2016	Notes	2016 \$'000	2015 \$'000
Assets			
Financial assets			
Cash & deposits	17(a)	11,499	18,563
Short term investments	17(a)	12,278	7,089
Receivables	5	19,059	8,132
Total financial assets		42,836	33,784
Non-financial assets			
Prepayments		1,420	1,851
Non financial assets classified as held for sale	8(a)	-	44
Plant and equipment	6	31,078	38,931
Intangible assets	7	984	1,564
Total non-financial assets		33,482	42,390
Total assets		76,318	76,174
Liabilities			
Payables	9	33,887	26,543
Borrowings	10	2,037	9,520
Provisions	11	16,607	15,409
Lease liabilities associated with current assets held for sale	8(b)	-	44
Total liabilities		52,531	51,516
Net assets		23,787	24,658
Equity			
Accumulated surplus/(deficit)		(37,258)	(35,335)
Contributed capital		55,864	55,864
Contract contingency reserve	17(a) & 18	5,181	4,129
Net worth		23,787	24,658
Commitments for expenditure	15		
Contingent assets and contingent liabilities	22		

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 2016	Notes	Accumulated surplus/ (deficit)	Contributed Capital	Contributed Capital Contract Contingency Reserve	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014		(24,585)	47,798	11,006	34,219
Net result for the year		(17,627)	-	-	(17,627)
Capital appropriations		-	8,066	-	8,066
Transactions with owner in their capacity as owner		6,877	-	(6,877)	-
Balance at 30 June 2015		(35,335)	55,864	4,129	24,658
Net result for the year		(871)	-	-	(871)
Capital appropriations		-	-	-	-
Transactions with owner in their capacity as owner	18	(1,052)	-	1,052	-
Balance at 30 June 2016		(37,258)	55,864	5,181	23,787

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 2016	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts			
Receipts from customers		201,716	194,993
Interest Received		536	715
Total receipts		202,252	195,708
Payments			
Payments to employees and suppliers		(171,966)	(179,175)
Goods and Services Tax paid to the ATO		(5,349)	(4,276)
Total payments		(177,315)	(183,451)
Net cash flows from/(used in) operating activities	17(b)	24,937	12,257
Cash flows from investing activities			
Purchases of non-financial assets		(19,396)	(9,572)
Sales of non-financial assets		111	139
Net cash flows from/(used in) investing activities	17(c)	(19,285)	(9,433)
Cash flows from financing activities			
Owner contributions by State Government		-	8,066
Repayment of borrowings and finance leases		(7,527)	(9,167)
Net cash flows from/(used in) financing activities	17(c)	(7,527)	(1,101)
Net increase/(decrease) in cash and cash equivalents		(1,875)	1,723
Cash & cash equivalents at the beginning of the financial year		25,652	23,929
Cash & cash equivalents at end of the financial year	17(a)	23,777	25,652

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

NOTES TO THE FINANCIAL STATEMENTS

1. INTRODUCTION

The financial statements cover the Emergency Services Telecommunications Authority (ESTA) which is a statutory authority created by the *Emergency Services Telecommunication 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 principle activities are contained in the Report of Operations which does not form part of these financial statements.

These financial statements were authorised for issue on 22 August 2016.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AAS) 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. 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 Standards for recognition of grant income may result in revenue and matching expenditure being recognised in different periods.

2.2 Basis of accounting preparation and measurement

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

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 AAS's 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 property, 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.

NOTES TO THE FINANCIAL STATEMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- > 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.

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 and the level of the fair value hierarchy as explained above.

In addition, ESTA determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

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

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. 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 growth funding as part of the 2016-17 State Budget.

The accounting policies set out below have been applied in preparing the statements for the year ended 30 June 2016 and the comparative information presented for the year ended 30 June 2015.

2.3 Management of State Service Contracts

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'.

State Contract income includes fees raised on emergency service organisations under arrangements made by the State to 'pass-through' appropriations designated for State Contract commitments. Assets managed on behalf of the State include leased assets financed through Public Private Partnerships whose ownership will be transferred to the State at the end of contracts.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of the organisational items in the financial statements. Both controlled and administered items of ESTA are included in the financial statements.

Disclosures related to such items can be found in Note 3.

2.4 Objectives and funding

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 give Victorians access to emergency and non-emergency help at all times via multi-agency call taking and dispatch.

2.5 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 *Presentation of Financial Statements*.

'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.

2.6 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 at 2.1, 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 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 call-taking and dispatch operational 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.

2.7 Expenses from transactions

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

Employee expenses

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, except for contributions in respect of defined benefit superannuation plans.

NOTES TO THE FINANCIAL STATEMENTS

Superannuation

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

Depreciation and amortisation

All infrastructure assets, building fit-outs, 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. 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.

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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Intangible assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The 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)	4 years
Leased motor vehicles	1 - 3 years
Leased communications equipment	2 - 4 years
Plant and equipment	5 - 10 years
Leasehold improvements	5 - 10 years
Software (Intergraph)	9 years

The ESTA capitalisation threshold is \$5,000, consistent with Minister of Finance Directives. 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.

Financial Reporting Direction (FRD) 103F requires that property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based on government purpose classifications. ESTA classifies all of its assets within one purpose group – 'Public Safety and Environment'.

Interest Expense

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

Supplies and services

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. They generally represent the day-to-day running costs, including maintenance costs, incurred in the normal operations of ESTA.

Other Economic Flows included in net result

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

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments and disposals of all non-financial assets and intangible assets.

Disposal of non-financial assets

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

Impairment of non-financial assets

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.

Other gains/(losses) from other economic flows

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; and
- > reclassified amounts relating to available for sale financial instruments from the reserves to net result due to a disposal or de-recognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

2.8 Financial Instruments

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 following refers to financial instruments unless otherwise stated.

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 (refer note 2.9), 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 profit and loss

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.

Financial liabilities at amortised cost

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 or loss.

2.9 Financial Assets

Cash and deposits

Cash and deposits recognised on the balance sheet 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 readily convertible to known amounts of cash with an insignificant risk of changes in value.

For the cash flow statement presentation purposes, Cash and Cash Equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

Receivables

Receivables consist of:

- > Contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income and finance lease receivables; and
- > Statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Statutory receivables 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.

NOTES TO THE FINANCIAL STATEMENTS

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

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

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.

2.10 Non-Financial Assets

Non-financial assets classified as held-for-sale

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use.

The condition is regarded as met only when:

- > the asset is available for immediate use in the current condition; and
- > the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

Property, plant and equipment

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. Assets transferred as part of a machinery of government change are transferred at their carrying amount. The fair value of communications and computer equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Leased assets

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 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 corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Leased assets relate primarily to assets transferred under PPP contracts and are amortised over the term of these contracts.

Intangible assets

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

Other non-financial assets

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.

Revaluations of non-financial physical assets

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

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

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

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

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

2.11 Liabilities

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; and
- > 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.

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

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 lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Provisions

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.

In accordance with the lease agreements at 33 Lakeside Drive Burwood East; 15 Enterprise Grove, Mt Helen; 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 lease term. A provision has been recognised for this purpose.

A provision is made for Lease Incentive Liability in respect of the rent free period under the lease agreement at 33 Lakeside Drive Burwood East.

Employee Expenses

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

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

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave, 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.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

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

NOTES TO THE FINANCIAL STATEMENTS

(ii) Long service leave

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

Unconditional LSL representing five or more years of continuous service 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 representing less than five years of continuous service is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates; for which it is then recognised as an 'Other Economic Flow' refer to Note 2.7.

(iii) Termination benefits

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

Employee benefits on-costs

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

2.12 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.

2.13 Equity

Contributed Capital

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.

2.14 Commitments

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.

2.15 Service concession arrangements

ESTA sometimes enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services on behalf of the State. These arrangements are typically complex and 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 or State Managed Contracts (see Note 2.3).

ESTA pays the operator over the period of the arrangement, 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 lease policy (see Note 2.11). The remaining components are accounted for as commitments (see Note 2.14) for operating costs which are expensed in the comprehensive operating statement as they are incurred.

2.16 Goods and services tax

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

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

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

2.17 Events after reporting date

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

2.18 New accounting standards and interpretations

Certain new Australian Accounting Standards (AAS) and interpretations have been published that are not mandatory for the 30 June 2016 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2016. ESTA has not, and does not intend to, adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

Standard/Interpretation	Summary
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.
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.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to: <ul style="list-style-type: none"> > establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; > prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures to not-for-profit public sector entities</i> . Guidance has been included to assist the application of the Standard by not-for-profit public sector entities.

Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
1 Jan 2018	<p>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.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.</p>
1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
1 Jan 2016	<p>The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.</p>
1 Jan 2016	<p>The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.</p>

NOTES TO THE FINANCIAL STATEMENTS

3. COMPREHENSIVE OPERATING STATEMENT – LINES OF BUSINESS

	CTD Operations (i)		Operational Communications (ii)		Projects (iii)		Support Function (iv)		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from transactions										
Service revenue	118,601	98,405	75,556	68,011	-	-	2,089	2,054	196,246	168,470
Project revenue	-	-	-	-	3,160	12,142	-	-	3,160	12,142
Total Income from transactions	118,601	98,405	75,556	68,011	3,160	12,142	2,089	2,054	199,406	180,612
Expenses from transactions										
Employee expenses	82,900	77,227	-	-	1,505	1,958	6,590	4,264	90,995	83,449
Depreciation and amortisation	8,769	7,866	19,025	17,468	-	-	259	285	28,053	25,619
Other operating expenses	17,717	16,708	57,112	54,385	2,249	5,039	3,133	3,516	80,211	79,648
Interest expense	2	6	241	355	-	-	5	-	248	362
Transfer of EAS assets	-	-	-	-	246	8,623	-	-	246	8,623
Total Expenses from transactions	109,388	101,807	76,378	72,208	4,000	15,620	9,987	8,065	199,753	197,700
Net result from transactions (net operating balance)	9,213	(3,402)	(822)	(4,197)	(840)	(3,479)	(7,898)	(6,011)	(347)	(17,088)
Other economic flows included in net result										
Net gain/(loss) on non-financial assets	-	-	-	-	-	-	(13)	(14)	(13)	(14)
Other gains/(losses) from other economic flows	(398)	(486)	-	-	(91)	(9)	(22)	(30)	(511)	(525)
Total other economic flows included in net result	(398)	(486)	-	-	(91)	(9)	(35)	(44)	(524)	(539)
Net result	8,815	(3,888)	(822)	(4,197)	(931)	(3,487)	(7,933)	(6,055)	(871)	(17,627)
Comprehensive result	8,815	(3,888)	(822)	(4,197)	(931)	(3,487)	(7,933)	(6,055)	(871)	(17,627)

- (i) **CTD (Call-Taking and Dispatch) Operations** – Based on the objectives of the People & Culture (P&C) and Information and Technology Services (ITS) departments, these departments are allocated to CTD Operations. The recruitment, training, and technical support functions provided by these departments are directed to support CTD Operations. Accordingly, the service revenue and expenses related to calltaking & dispatch operations, P&C, ITS and contract administration of the systems required are allocated to 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.
Accordingly, the service revenue and service expenditures (including lease interest & depreciation/amortisation) are allocated to Operational Communications.
- (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. EAS assets were transferred back to the State from a PPP arrangement during 2016. An upgrade program managed by ESTA transferred the commissioned values to the Department of Justice and Regulation during the year (refer to note 4f).
- (iv) **Support Function** – Based on the objectives of Finance and Commercial Services, Strategy and Transformation, Customer Services, Corporate Affairs, and other Corporate Support, these departments revenues and expenses are allocated to the Support Function line of business.

4. NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)

	2016	2015
	\$'000	\$'000
Income from transactions		
(a) Revenue		
CTD services revenue	110,555	90,579
Project revenue (excluding the transfer of EAS asset revenue)	2,914	3,520
Transfer of EAS assets (i)	246	8,623
State service contracts revenue	83,701	75,988
Other operating revenue	1,436	1,208
Interest on deposits	554	694
Revenue from operations	199,406	180,612
Expenses from transactions		
(b) Employee expenses		
Salaries, wages and overtime	68,577	62,660
Sick leave, annual leave and long service leave	10,579	9,863
Superannuation	6,848	6,300
Related on-costs	4,991	4,626
Total employee expenses	90,995	83,449
(c) Depreciation and amortisation		
Depreciation of property, plant and equipment	18,600	14,559
Amortisation expense	9,453	11,060
Total depreciation and amortisation	28,053	25,619
(d) Other operating expenses		
Staff costs other	1,257	1,100
Contractors/Professional Services	3,789	6,579
Communications	4,499	3,788
Information technology and infrastructure	7,082	7,001
Payments under state service contracts	57,248	54,494
Property	4,756	4,924
Office equipment	486	396
Travel and accommodation	147	190
Stationery	110	110
Finance & insurance costs	365	374
Audit services	383	445
Bad debts from transactions	-	5
General	89	242
Total other operating expenses	80,211	79,648

NOTES TO THE FINANCIAL STATEMENTS

4. NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE) (CONTINUED)

	2016	2015
	\$'000	\$'000
(e) Interest expense		
Finance lease interest	248	361
Total interest expense	248	361
(f) Non discretionary expenditure		
Transfer of EAS assets (i)	246	8,623
Total transfer of EAS assets	246	8,623
Expenses from operations	199,753	197,700
Other economic flows included in net result		
(g) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	(13)	(14)
Total net gain/(loss) on non-financial assets	(13)	(14)
(h) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(511)	(525)
Total other gains/(losses) from other economic flows	(511)	(525)

- (i) 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 \$0.2mill 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.

5. RECEIVABLES

Trade receivables comprise almost exclusively amounts due from Victorian Government agencies. Trade terms for general receivables is 14 days from date of invoice and 10 days for invoices related to contracts managed on behalf of the State.

	2016	2015
	\$'000	\$'000
Current		
Contractual		
Services	8,079	861
Accrued investment income	32	14
Provision for doubtful contractual receivables	-	-
Other receivables	7,896	5,404
	16,007	6,279
Statutory		
GST input tax credit recoverable	3,052	1,853
	3,052	1,853
Total current receivables	19,059	8,132

6. PLANT AND EQUIPMENT

(a) Classified as 'Public safety and environment' Purpose Group (refer note 2) – Carrying amounts

2016	Net Carrying amounts as at 30 June 2016	Fair value measurement at the end of reporting period using:			At cost:
	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
Computers and communications equipment (iii)					
Computers and communications equipment at fair value	74,008	-	74,008	-	-
Less: accumulated depreciation	(61,193)	-	(61,193)	-	-
	12,815	-	12,815	-	-
Leased motor vehicles (iv)					
Motor Vehicles Leased	198	-	-	198	-
Less: accumulated amortisation	(52)	-	-	(52)	-
	146	-	-	146	-
Leased communications equipment (vi)					
Communications equipment leased	172,969	-	-	172,969	-
Less: accumulated amortisation	(171,147)	-	-	(171,147)	-
	1,822	-	-	1,822	-
Plant and equipment (v)					
Plant and equipment at fair value	1,814	-	-	1,814	-
Less: accumulated depreciation	(1,787)	-	-	(1,787)	-
	27	-	-	27	-
Leasehold improvements (v)					
Leasehold improvements at fair value	17,046	-	-	17,046	-
Less: accumulated amortisation	(10,187)	-	-	(10,187)	-
	6,859	-	-	6,859	-
Capital works in progress (vii)					
Capital works in progress at cost	9,409	-	-	-	9,409
	9,409	-	-	-	9,409
Net carrying amount of plant and equipment	31,078	-	12,815	8,854	9,409

NOTES TO THE FINANCIAL STATEMENTS

6. PLANT AND EQUIPMENT (CONTINUED)

(a) Classified as 'Public safety and environment' Purpose Group (refer note 2) – Carrying amounts

	Net Carrying amounts as at 30 June 2015	Fair value measurement at the end of reporting period using:			At cost:
		Level 1	Level 2	Level 3	
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Computers and communications equipment (iii)					
Computers and communications equipment at fair value	63,205	-	63,205	-	-
Less: accumulated depreciation	(43,869)	-	(43,869)	-	-
	19,336	-	19,336	-	-
Leased motor vehicles (iv)					
Motor Vehicles Leased	203	-	-	203	-
Less: accumulated amortisation	(45)	-	-	(45)	-
	158	-	-	158	-
Leased communications equipment (vi)					
Communications equipment leased	172,969	-	-	172,969	-
Less: accumulated amortisation	(163,840)	-	-	(163,840)	-
	9,129	-	-	9,129	-
Plant and equipment (v)					
Plant and equipment at fair value	1,814	-	-	1,814	-
Less: accumulated depreciation	(1,768)	-	-	(1,768)	-
	46	-	-	46	-
Leasehold improvements (v)					
Leasehold improvements at fair value	15,732	-	-	15,732	-
Less: accumulated amortisation	(8,088)	-	-	(8,088)	-
	7,644	-	-	7,644	-
Capital works in progress (vii)					
Capital works in progress at cost	2,618	-	-	-	2,618
	2,618	-	-	-	2,618
Net carrying amount of plant and equipment	38,931	-	19,336	16,977	2,618

(i) Classified in accordance with the fair value hierarchy, see note 2.2.

(ii) There have been no transfers between levels during the period.

(iii) **Computers and communications equipment** – Computers and communications equipment are valued using the market approach. Under this valuation method, the assets are compared to sales of comparable assets which are considered to have nominal or no added improvement value.

(iv) **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.

(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) **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. 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.

(vii) **Capital works in progress** – Capital works in progress is measured at cost.

6. PLANT AND EQUIPMENT (CONTINUED)

(b) Classified as 'Public safety and environment' Purpose Group – Movement in carrying amounts

	Computers and communications equipment at fair value	Leased motor vehicles at fair value	Leased communications equipment at fair value (iii)	Plant and equipment at fair value	Leasehold improvements at fair value	Work in progress at cost	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	19,336	158	9,129	46	7,644	2,618	38,931
Additions	3,191	102	-	-	1,090	15,320	19,703
Disposals	-	(76)	-	-	(6)	-	(82)
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
Assets acquired on behalf of DJR	246	-	-	-	-	-	246
Assets transferred to DJR free of charge (iv)	(246)	-	-	-	-	-	(246)
Depreciation/amortisation expense	(18,000)	(38)	(7,307)	(19)	(2,109)	-	(27,473)
Capitalisation of works in progress	8,288	-	-	-	240	(8,529)	-
Closing balance	12,815	146	1,822	27	6,859	9,409	31,078

	Computers and communications equipment at fair value	Leased motor vehicles at fair value	Leased communications equipment at fair value (iii)	Plant and equipment at fair value	Leasehold improvements at fair value	Work in progress at cost	Total
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	20,962	333	12,827	69	8,751	6,052	48,994
Additions	4,881	81	5,227	-	864	3,886	14,939
Disposals	-	(150)	-	(3)	-	-	(153)
Transfer to assets classified as held for sale	-	(44)	-	-	-	-	(44)
Assets acquired on behalf of DJR	8,623	-	-	-	-	-	8,623
Assets transferred to DJR free of charge (iv)	(8,623)	-	-	-	-	-	(8,623)
Depreciation/amortisation expense	(13,965)	(62)	(8,925)	(20)	(2,069)	-	(25,041)
Capitalisation of works in progress	7,458	-	-	-	98	(7,320)	236
Closing balance	19,336	158	9,129	46	7,644	2,618	38,931

ESTA classifies all of its assets within one purpose group - Public Safety and Environment (Refer note 2)

- (i) The useful lives of assets as stated in Accounting Policy Note 2 are used in the calculation of depreciation
- (ii) 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.
- (iii) 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.
- (iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

6. PLANT AND EQUIPMENT (CONTINUED)

(c) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Leased motor vehicles	Depreciated replacement cost	Cost per unit Useful life of Leased motor vehicles	\$20,679.91 - \$46,550.12 per unit (\$33,072.34 per unit) 1 - 3 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
Leased communications equipment	Depreciated replacement cost	Cost per unit Useful life of Leased communications equipment	\$806,809.00 - \$28,549,433.00 per unit (\$8,913,397.88 per unit) 4 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment	\$5,341.56 - \$1,350,612.91 per unit (\$43,185.88 per unit) 5 - 10 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of Leasehold improvements	\$2,321 per sqm 5 - 10 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.

Notes: (i) Depreciated replacement cost technique was used for fair value measurement ranging per unit cost. ESTA assets are specialised in use, such that they are rarely sold other than a part of going concern or technology replacement.

7. INTANGIBLE ASSETS

	CAD Software Licences	
	2016	2015
	\$'000	\$'000
Gross carrying amount		
Opening balance	5,200	5,200
Closing balance	5,200	5,200
Accumulated amortisation and impairment		
Opening balance	(3,636)	(3,059)
Amortisation expense (a)	(580)	(577)
Disposals	-	-
Transfer to assets classified as held for sale	-	-
Closing balance	(4,216)	(3,636)
Net book value at the end of the financial year	984	1,564

Note: (a) Amortisation expense is included in the line item 'Depreciation and Amortisation expense' in the Comprehensive Operating Statement.

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

(a) Non-current assets held for sale

	2016	2015
	\$'000	\$'000
Non-current assets		
Leased motor vehicles	-	44
Total	-	44

(b) Liabilities directly associated with assets held for sale

	2016	2015
	\$'000	\$'000
Lease liability	-	44
Total	-	44

9. PAYABLES

	2016	2015
	\$'000	\$'000
Current payables		
<i>Contractual</i>		
Supplies & services	11,251	11,368
Unearned income	2,919	4,016
Accruals	17,270	8,884
	31,440	24,268
<i>Statutory</i>		
Payroll tax payable	381	326
GST payable	2,066	1,949
	2,447	2,275
Total payables	33,887	26,543

10. BORROWINGS (i)

	2016	2015
	\$'000	\$'000
Current finance lease liability		
- PPP related finance lease liability:		
Communications equipment	1,891	7,471
- Non-PPP related Finance lease liability:		
Motor vehicles	54	46
Total current borrowings	1,945	7,517
Non current finance lease liability		
- PPP related finance lease liability:		
Communications equipment	-	1,890
- Non-PPP related Finance lease liability:		
Motor vehicles	92	113
Total non-current borrowings	92	2,003
Total borrowings	2,037	9,520

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

11. PROVISIONS

	2016	2015
	\$'000	\$'000
Current		
Employee benefits - annual leave and time in lieu: (i)		
Unconditional and expected to be settled within 12 months (ii)	4,058	4,021
Unconditional and expected to be settled after 12 months (iii)	1,015	1,005
Employee benefits - long service leave:		
Unconditional and expected to be settled within 12 months (ii)	1,029	962
Unconditional and expected to be settled after 12 months (iii)	3,788	3,084
	9,890	9,072
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months (ii)	926	907
Unconditional and expected to be settled after 12 months (iii)	607	492
	1,533	1,399
Lease Incentive Liability (iv)	95	95
Total current provisions	11,518	10,566
Non-current		
Employee benefits (i)	2,227	2,201
Employee benefit on-costs	357	351
Lease Incentive Liability (iv)	616	711
Make - good provision (v)	1,889	1,580
	5,089	4,843
Total non-current provisions	5,089	4,843
Total provisions	16,607	15,409

- (i) Provisions for employee benefits consist of amounts for annual leave, long service leave and time in lieu accrued by employees not including on-costs.
- (ii) The amounts disclosed are discounted to present values.
- (iii) The amounts disclosed are discounted to present values.
- (iv) The provision for Lease Incentive Liability represents value of the rent free period under the lease agreement at 33 Lakeside Drive Burwood East.
- (v) In accordance with the lease agreements at 33 Lakeside Drive Burwood East; 15 Enterprise Grove, Mt Helen; 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 lease term. A provision has been recognised for this purpose.

12. EMPLOYEE BENEFITS AND RELATED ON-COSTS (i)

	2016	2015
	\$'000	\$'000
Current employee benefits		
Annual leave and time in lieu entitlements (ii)	5,073	5,026
Long service leave entitlements (ii)	4,817	4,046
Non-current employee benefits		
Long service leave entitlements (ii)	2,227	2,201
Total employee benefits	12,117	11,273
Current on-costs (ii)	1,533	1,399
Non-current on-costs (ii)	357	351
Total on-costs	1,890	1,750
Total employee benefits and related on-costs	14,007	13,023

(i) Provisions for employee benefits consist of amounts for annual leave, long service leave and time in lieu

(ii) The amounts disclosed are discounted to present values.

13. SUPERANNUATION

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 minimum employer contribution to the fund, pursuant to the Superannuation Guarantee Charge, was 9.5 per cent for the period 1 July 2015 and 30 June 2016.

	2016	2015
	\$'000	\$'000
Employer contributions		
Australian Super	655	497
Vic Super	4,824	4,339
Other superannuation funds	1,039	711
Total employer contributions to the funds	6,518	5,547
Outstanding contributions	102	25
Total Contributions	6,620	5,572

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.

NOTES TO THE FINANCIAL STATEMENTS

14. LEASES

Finance lease liabilities

Leasing arrangements

Finance leases relate to communications equipment with a lease term of five years and motor vehicles with a lease term of one to three years. ESTA does have options to purchase the former equipment at the expiry of the lease period.

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
PPP related finance lease liabilities payable				
Not longer than 1 year	1,925	7,713	1,891	7,470
Longer than 1 year and not longer than 5 years	-	1,925	-	1,891
Longer than 5 years	-	-	-	-
Other related finance lease liabilities payable				
Not longer than 1 year	60	52	54	46
Longer than 1 year and not longer than 5 years	94	118	92	113
Longer than 5 years	-	-	-	-
Minimum future lease payments	2,079	9,808	2,037	9,520
Less future finance charges	(42)	(288)	-	-
Present value of minimum lease payments	2,037	9,520	2,037	9,520
Included in the financial statements as:				
Current borrowings lease liabilities (note 10)			1,945	7,517
Non-current borrowing lease liabilities (note 10)			92	2,003
			2,037	9,520

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

Operating lease liabilities

Leasing arrangements

Operating leases relate to office equipment with a lease term of two to five years and properties with a lease term of one to fifteen years. ESTA has no options to purchase this equipment or property at the conclusion of the lease agreement.

	2016 \$'000	2015 \$'000
Non-cancellable operating leases		
Not longer than 1 year	6,674	3,138
Longer than 1 year and not longer than 5 years	13,859	13,176
Longer than 5 years	5,915	9,141
	26,448	25,455

15. COMMITMENTS FOR EXPENDITURE

The following commitments have not been recognised as liabilities in the financial statements:

(i) Service Concession (PPP) related commitments

	2016		2015	
	\$'000	\$'000	\$'000	\$'000
	Net Present Value	Nominal Value	Net Present Value	Nominal Value
Service concession arrangements				
MDN	15,628	15,661	37,580	39,178
MMR	51,405	51,405	28,343	29,217
Total service concession commitments	67,033	67,066	65,923	68,395
Less PPP related finance lease liabilities (Note 10)	1,891	1,891	9,033	9,361
Total PPP operation and service commitment (Note 15(ii)(e))	65,142	65,175	56,890	59,034

Note: The amounts for 2015 have been restated to reflect the correct commitments at the time for the MMR and MDN contracts.

(ii) Commitments are payable as follows

	2016	2015
	\$'000	\$'000
(a) Capital expenditure commitments		
Total capital expenditure contracted for purchase and implementation of infrastructure at balance date but not provided for in the accounts:		
Not longer than 1 year	103	3,542
Longer than 1 year & not longer than 5 years	-	-
Longer than 5 years	-	-
	103	3,542
(b) Property lease agreements		
Commitments in relation to property leases contracted for at the reporting date but not recognised as liabilities, payable:		
Not longer than 1 year	3,086	2,989
Longer than 1 year & not longer than 5 years	13,134	12,945
Longer than 5 years	5,915	9,141
	22,135	25,075
(c) Photocopier/IT Equipment operating lease agreements		
All photocopier 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	329	149
Longer than 1 year & not longer than 5 years	725	231
Longer than 5 years	-	-
	1,054	380
(d) Software Licence and Services Agreement (i)		
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	3,259	2,806
Longer than 1 year & not longer than 5 years	-	-
Longer than 5 years	-	-
	3,259	2,806
(e) PPP operation and service commitments (ii)		
Not longer than 1 year	38,709	44,715
Longer than 1 year & not longer than 5 years	26,466	14,319
Longer than 5 years	-	-
	65,175	59,034

NOTES TO THE FINANCIAL STATEMENTS

15. COMMITMENTS FOR EXPENDITURE (CONTINUED)

	2016	2015
	\$'000	\$'000
(f) PPP payments from contingency (iii)		
Not longer than 1 year	-	-
Longer than 1 year & not longer than 5 years	-	-
Longer than 5 years	-	-
	-	-
(g) Operate and Maintain Contract EAS (iv)		
Not longer than 1 year	13,462	13,054
Longer than 1 year & not longer than 5 years	4,063	17,524
Longer than 5 years	-	-
	17,525	30,578
(h) 000 Communication Enhancement Contract (v)		
Not longer than 1 year	957	574
Longer than 1 year & not longer than 5 years	4,032	3,981
Longer than 5 years	753	1,761
	5,742	6,316
Total commitments for expenditure (exclusive of GST)	114,993	127,731
Plus GST recoverable from the Australian Taxation Office	11,499	12,773
Total commitments for expenditure (inclusive of GST)	126,492	140,504

(i) This agreement is renewed annually in March.

(ii) This expenditure is offset by equivalent amounts in revenue.

(iii) These payments are sourced from the contingency funds held by ESTA specifically for this purpose. The balance of these funds at 30th June 2016 is \$5.2 mill.

(iv) This expenditure is offset by equivalent amounts in revenue under the EAS Operate and Maintain contract.

(v) This expenditure is offset by equivalent amounts in project revenue.

16. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

ESTA's principal financial instruments comprise of:

- > cash assets;
- > term deposits;
- > receivables (excluding statutory receivable);
- > payables (excluding statutory payables); and
- > finance lease payables.

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 2.

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.

The carrying amounts of ESTA's financial assets and financial liabilities by category are in table 16.1 below.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Table 16.1: Categorisation of financial instruments

	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
2016	\$'000	\$'000	\$'000
Contractual financial assets			
Cash and deposits	11,499	-	11,499
Receivables: (i)			
Services	8,079	-	8,079
Other	7,896	-	7,896
Accrued investment income	32	-	32
Other receivables			
Investments and other contractual financial assets:			
Term deposits	12,278	-	12,278
Total contractual financial assets	39,784	-	39,784
Contractual financial liabilities			
Payables: (i)			
Supplies and services	-	11,251	11,251
Accruals	-	17,270	17,270
Borrowings:			
Lease liabilities	-	2,037	2,037
Total contractual financial liabilities	-	30,558	30,558
2015	\$'000	\$'000	\$'000
Contractual financial assets			
Cash and deposits	18,563	-	18,563
Receivables: (i)			
Services	861	-	861
Other	5,404	-	5,404
Accrued investment income	14	-	14
Other receivables			
Investments and other contractual financial assets:			
Term deposits	7,089	-	7,089
Total contractual financial assets	31,931	-	31,931
Contractual financial liabilities			
Payables: (i)			
Supplies and services	-	11,368	11,368
Accruals	-	8,884	8,884
Borrowings:			
Lease liabilities	-	9,520	9,520
Total contractual financial liabilities	-	29,772	29,772

Note: (i) The total amounts disclosed here exclude statutory amounts (i.e. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (CONTINUED)

Table 16.2: Net holding gain/(loss) on financial instruments by category

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

	Net holding gain/(loss)	Total interest income/(expense)	Fee income/(expense)	Total
2015	\$'000	\$'000	\$'000	\$'000
Contractual financial assets				
Financial assets - loans and receivables	-	694	-	694
Total contractual financial assets	-	694	-	694
Contractual financial liabilities				
Financial liabilities at amortised cost	-	361	-	361
Total contractual financial liabilities	-	361	-	361

(b) 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.

Currently ESTA does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

	Financial institutions (AA credit rating)	Government agencies (AAA credit rating)	Total
2016	\$'000	\$'000	\$'000
Cash and deposits	11,496	12,278	23,774
Total contractual financial assets	11,496	12,278	23,774
2015			
Cash and deposits	18,560	7,089	25,649
Total contractual financial assets	18,560	7,089	25,649

16. FINANCIAL INSTRUMENTS (CONTINUED)

Ageing analysis of contractual financial assets

	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
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(i) Receivables:						
Services	8,079	7,872	-	207	-	-
Accrued investment income	32	32	-	-	-	-
Other receivables	7,896	7,896	-	-	-	-
Investments and other contractual financial assets:						
Term deposits	12,278	12,278	-	-	-	-
Total	28,285	28,078	-	207	-	-
2015						
(i) Receivables:						
Services	861	497	319	22	23	-
Accrued investment income	14	14	-	-	-	-
Other receivables	5,404	5,404	-	-	-	-
Investments and other contractual financial assets:						
Term deposits	7,089	7,089	-	-	-	-
Total	13,368	13,004	319	22	23	-

Note: (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

(c) 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 would rely on a Letter of Comfort from the Department of Justice and Regulation to meet its financial obligations, should ESTA's cash reserves fall to a level where financial obligations could not be met.

Maturity analysis of contractual financial liabilities (ii)

	Carrying amount	Nominal Amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	5+ years
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(i) Payables:							
Supplies and services	11,251	11,251	8,123	3,072	56	-	-
Accruals	17,270	17,270	17,270	-	-	-	-
Borrowings:							
Lease liabilities	2,037	2,037	333	468	1,183	53	-
Total	30,558	30,558	25,726	3,540	1,239	53	-
2015							
(i) Payables:							
Supplies and services	11,368	11,368	11,368	-	-	-	-
Accruals	8,884	8,884	8,884	-	-	-	-
Borrowings:							
Lease liabilities	9,520	9,520	626	1,236	5,657	2,001	-
Total	29,772	29,772	20,878	1,236	5,657	2,001	-

Notes: (i) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

(ii) Maturity analysis is presented using the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) 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 follows.

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

	Weighted avg. annual effective interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2016		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and Deposits:	1.95%	11,499	-	11,496	3
Receivables: (i)					
Services		8,079	-	-	8,079
Accrued investment income		32	-	-	32
Other receivables		7,896	-	-	7,896
Investments and other contractual financial assets:					
Term deposits	2.21%	12,278	12,278	-	-
Total contractual financial assets		39,784	12,278	11,496	16,010
Financial liabilities					
Payables: (i)					
Supplies and services		11,251	-	-	11,251
Other payables		17,270	-	-	17,270
Borrowings:					
Lease liabilities	4.87%	2,037	2,037	-	-
Total contractual financial liabilities		30,558	2,037	-	28,521
2015		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and Deposits:	2.20%	18,564	-	18,561	3
Receivables: (i)					
Services		861	-	-	861
Accrued investment income		14	-	-	14
Other receivables		5,404	-	-	5,404
Investments and other contractual financial assets:					
Term deposits	2.50%	7,089	7,089	-	-
Total contractual financial assets		31,932	7,089	18,561	6,282
Financial liabilities					
Payables: (i)					
Supplies and services		11,368	-	-	11,368
Other payables		8,884	-	-	8,884
Borrowings:					
Lease liabilities	5.56%	9,520	9,520	-	-
Total contractual financial liabilities		29,772	9,520	-	20,252

Note: (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

16. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

	2016		2015	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Net fair value	Carrying amount	Net fair value
Contractual financial assets				
Cash and Deposits:	11,499	11,499	18,564	18,564
Receivables: (i)				
Services	8,079	8,079	861	861
Accrued investment income	32	32	14	14
Other receivables	7,896	7,896	5,404	5,404
Investments and other contractual financial assets:				
Term deposits	12,278	12,278	7,089	7,089
Total contractual financial assets	39,784	39,784	31,932	31,932
Contractual financial liabilities				
Payables:				
Supplies and services	11,251	11,251	11,368	11,368
Other payables	17,270	17,270	8,884	8,884
Borrowings:				
Lease liabilities	2,037	2,037	9,520	9,520
Total contractual financial liabilities	30,558	30,558	29,772	29,772

Note: (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

NOTES TO THE FINANCIAL STATEMENTS

17. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of cash

	2016	2015
	\$'000	\$'000
For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheets as follows:		
Cash at bank and on hand	11,499	18,563
Short term investments	12,278	7,089
Balance as per cash flow statement (i)	23,777	25,652

Notes: (i) Balance as per cash flow statement

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 2016 is \$5.18 mill (\$4.13 mill in 2015).

(b) Reconciliation of net result for the period

	2016	2015
	\$'000	\$'000
Net result for the period	(871)	(17,627)
Non-cash movements:		
Depreciation and amortisation	28,053	25,619
Loss/(gain) on sale of assets	13	14
Doubtful Debts	-	-
Bad Debts	-	-
Movements in assets and liabilities:		
Decrease (increase) in receivables	(9,727)	614
Decrease (increase) in prepayments	431	(431)
Increase (decrease) in payables	7,220	2,010
Increase (decrease) in unearned income	(1,097)	332
Increase (decrease) in provisions	915	1,726
Net cash flows from/(used in) operating activities	24,937	12,257

(c) Non-cash financing and investing activities

During the reporting period ESTA acquired motor vehicles, and technology assets for the State contracts - MMR (Metropolitan Mobile Radio) and MDN (Mobile Data Network) through a finance lease arrangement to the value of \$80k (\$80k in 2015) and \$0mill (\$5.2mill in 2015) respectively. The assumption of the related assets and liabilities is not reflected in the cash flow statement.

18. EQUITY AND RESERVES

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.

ESTA has determined that in order to best present its discretionary financial reserves and contributed capital that these amounts be identified as non discretionary service contract specific contingency reserves.

19. RESPONSIBLE PERSONS

The persons who held the positions of Ministers and Responsible Persons in ESTA are as follows:

Minister for Emergency Services - The Hon. Jane Garrett, MP	1 July 2015 to 9 June 2016
Minister for Emergency Services - The Hon. James Merlino, MP	10 June 2016 to 30 June 2016
Chairman - Mr Roger Leeming	1 July 2015 to 26 January 2016
Chairman - Mr Howard Ronaldson (i)	6 February 2016 to 30 June 2016
Chief Executive Officer - Ms Julia Oxley	1 July 2015 to 30 June 2016
Authority Member - Ms Christina Gillies	1 July 2015 to 29 January 2016
Authority Member - Ms Mary Delahunty	11 August 2015 to 30 June 2016
Authority Member - Mr Stewart Leslie	1 July 2015 to 27 January 2016
Authority Member - Mr Greg Tweedly	1 July 2015 to 30 September 2015
Authority Member - Ms Marion Lau	1 July 2015 to 27 January 2016
Authority Member - Mr John Yates	1 July 2015 to 30 September 2015
Authority Member - Mr Paul Henderson	1 July 2015 to 30 June 2016
Authority Member - Ms Christine Collin	1 July 2015 to 30 June 2016

Remuneration

Total remuneration received or receivable by the Accountable Officers in connection with the management of ESTA during the reporting period was in the range:

\$290,000 - \$299,999 (\$320,000 - \$329,999 in 2014-15)

(i) The current Chairman's remuneration is paid by Department of Justice & Regulation and is therefore not included in the table below.

Remuneration of Authority Members and Accountable Officer in ESTA are as follows:

	Base remuneration	Total remuneration	Base remuneration	Total remuneration
	2016	2016	2015	2015
Income band	No.	No.	No.	No.
\$0 - \$9,999	3	3	2	2
\$10,000 - \$19,999	3	3	1	1
\$20,000 - \$29,999	1	1	-	-
\$30,000 - \$39,999	2	2	6	6
\$50,000 - \$59,999	-	-	-	-
\$60,000 - \$69,999	-	-	-	-
\$40,000 - \$49,999	1	1	-	-
\$70,000 - \$79,999	-	-	-	-
\$80,000 - \$89,999	-	-	1	1
\$280,000 - \$289,999	-	-	-	-
\$290,000 - \$299,999	1	1	-	-
\$300,000 - \$309,999	-	-	-	-
\$320,000 - \$329,999	-	-	1	1
Total Numbers	11	11	11	11
	\$'000	\$'000	\$'000	\$'000
Total Amount	505	505	649	649

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTES TO THE FINANCIAL STATEMENTS

20. REMUNERATION OF EXECUTIVES

(a) Remuneration of executive

For 2016, the number of executive officers, and their base remuneration is shown in column two of the table below in their relevant income bands. The total remuneration of executive officers is shown in column three. Base remuneration is exclusive of bonus payments, long service leave payments upon termination, retirement and redundancy payments.

	Base Remuneration	Total Remuneration	Base Remuneration	Total Remuneration
	2016	2016	2015	2015
Remuneration between	No.	No.	No.	No.
\$0 - \$99,999	6	4	3	2
\$100,000 - \$109,999	-	1	-	-
\$110,000 - \$119,999	-	1	-	-
\$120,000 - \$129,999	1	1	-	-
\$130,000 - \$139,999	-	-	1	-
\$170,000 - \$179,999	4	3	3	3
\$180,000 - \$189,999	2	2	2	2
\$190,000 - \$199,999	-	-	1	-
\$200,000 - \$209,999	-	-	1	2
\$210,000 - \$219,999	-	-	1	1
\$220,000 - \$229,999	1	1	-	-
\$230,000 - \$239,999	-	1	1	2
\$240,000 - \$249,999	1	-	-	-
\$260,000 - \$269,999	-	1	1	1
\$330,000 - \$339,999	-	-	-	1
Total number of executives (i)	15	15	14	14
Total annualised employee equivalent (AEE) (ii)	10.4	10.4	12.3	12.3
	\$'000	\$'000	\$'000	\$'000
Total Amount	1,951	2,146	2,299	2,722

Note: (i) A number of executive officers resigned in the past year. This has had a significant impact on the total remuneration figures due to the inclusion of annual leave and long-service leave payments.

(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the 52 weeks for a reporting period.

(b) Payment to other personnel with significant management responsibility

The following disclosures are made in relation to other personnel with management responsibility in ESTA. No payments have been made to contractors with significant management responsibilities in 2016.

In 2015, one contractor was responsible for planning and managing the Government funded CAD 9 project.

	Total Expenses (exclusive of GST)	
Expense band	2016 \$'000	2015 \$'000
\$130,000 - \$139,999	-	1
	-	1

21. REMUNERATION OF AUDITORS

	2016	2015
	\$'000	\$'000
Victorian Auditor General's Office		
Audit of the financial report	33	32
	33	32

22. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	2016	2015
	\$'000	\$'000
Contingent Asset/Liability		
ESTA had no contingent assets or liabilities as of 30 June 2016 (Nil 2015).		

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Authority Members, Emergency Services Telecommunications Authority

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Emergency Services Telecommunications Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the authority member's, accountable officer's and chief finance and accounting officer's declaration.

The Authority Members' Responsibility for the Financial Report

The Authority Members of the Emergency Services Telecommunications Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Authority Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Authority Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Emergency Services Telecommunications Authority as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
30 August 2016

T. Frost
for Dr Peter Frost
Acting Auditor-General

GLOSSARY OF TERMS AND ACRONYMS

Comprehensive result

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

Commitments

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

Employee expenses

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

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual 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 ESTA; or
- (d) a contract that will or may be settled in ESTA's own equity instruments and is:
 - a non-derivative for which ESTA 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 ESTA's own equity instruments.

Financial statements

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

Intangible assets

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

Interest expense

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

Interest income

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

Net result

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 that are classified as 'other non-owner changes in equity'.

Net result from transactions/net operating balance

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

Non-financial assets

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

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

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

Receivables

Includes short and long-term trade credit and accounts receivable, 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, 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

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.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. 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

ACMA – Australian Communications & Media Authority
ATO – Australian Taxation Office
CAD – Computer Aided Dispatch
CAGR – Cumulative Annual Growth Rate
CFA – Country Fire Authority
CTD – Call-taking and Dispatch
DELWP – Department of Environment, Land, Water & Planning
EAS – Emergency Alerting System
ECSAC – Emergency Call Service Advisory Committee
EMV – Emergency Management Victoria
ESOs – Emergency Services Organisations
ESTA – Emergency Services Telecommunications Authority
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
LEAP – Law Enforcement Assistance Program
LSL – Long Service Leave
MDN – Mobile Data Network
MFB – Metropolitan Fire Brigade
MMR – Metropolitan Mobile Radio
MOLI – Mobile Origin Location Information
PMO – Program Management Office
PPP – Public Private Partnership
SECCs – State Emergency Communications Centres
VAGO – Victorian Auditor-Generals Office
VICSES – Victoria State Emergency Service

APPENDIX

Call answer performance (emergency calls)¹

Agency	Benchmark	2014-2015	2015-2016	Change	Answer time (secs)		
					Average	50th percentile	90th percentile
Victoria Police	80 per cent answered within 5 seconds ²	87.6%	82.9%	-4.7%	7.6	<1	25
Ambulance	90 per cent answered within 5 seconds ³	92.6%	92.2%	-0.4%	4.0	<1	2
CFA	90 per cent answered within 5 seconds	96.4%	95.4%	-1.0%	3.2	<1	2
MFB	90 per cent answered within 5 seconds	95.1%	94.2%	-0.9%	3.5	<1	2
VICSES	90 per cent answered within 20 seconds	70.6%	77.2%	6.6%	44.8	2	69

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 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

3 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

Time to Dispatch Performance (Emergency Events)

Agency	Benchmark	2014-2015	2015-2016	Change	Answer Time (secs)		
					Average	50th Percentile	90th Percentile
Victoria Police (state-wide)	80 per cent dispatched within 180 seconds ⁴	90.4%	89.6%	-0.8%	81	52	164
Ambulance (state-wide) code one events	90 per cent dispatched within 150 seconds ⁵	78.4%	78.3%	-0.1%	127.1	110	190
CFA priority one events ⁶	90 per cent dispatched within benchmark	91.3%	91.5%	0.2%			
P1 Urban					85.2	72	138
P1 Rural					113.1	92	198
Alarms					9.7	8	11
Other Agency					33.1	23	54
EMR					10.1	8	13
MFB priority one events ⁷	90 per cent dispatched within benchmark	93.7%	93.4%	-0.3%			
Telephone					88.9	75	145
Alarms					9	8	12
Other Agency					26.5	20	42
EMR					9.4	7	13
VICSES priority one events	90 per cent dispatched within 60 seconds	84.7%	83.8%	-0.9%	102.7	24	110

4 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.

5 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.

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.

APPENDIX

Time to Dispatch Performance⁸ (Lower Priority Events)

Agency	Benchmark	2014-2015	2015-2016	Change	Answer time (secs)		
					Average	50th percentile	90th percentile
Victoria Police (state-wide) priority two events	80 per cent dispatched within 300 seconds ⁹	88.6%	87.8%	-0.8%	153.9	94	333
Victoria Police (state-wide) priority three events	80 per cent dispatched within 900 seconds ¹⁰	97.7%	97.8%	0.1%	290.7	177.5	739
Ambulance (state-wide) code two events	90 per cent dispatched within 300 seconds ¹¹	92.0%	91.4%	-0.6%	185.1	138	282
CFA priority three events ¹²	90 per cent dispatched within benchmark	89.0%	87.2%	-1.8%			
Urban					112.8	95	178
Rural					139.3	117	237
VICSES priority two and three events ¹³	90 per cent dispatched within benchmark	92.8%	96.8%	4.0%			
Urban					207.8	172	304
Rural					211	181	319
Other Agency					58.8	34	104

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. As a result, ESTA had to change how it determined Event Create Time, instead measuring from the first update to the event form.

9 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.

10 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.

11 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.

12 Urban events – 160 seconds, Rural events – 230 seconds.

13 Urban priority 2 and 3 events – 460 seconds, Rural priority 2 and 3 events – 460 seconds, Other agency events – 230 seconds



Emergency Services Telecommunications Authority
33 Lakeside Drive Burwood East VIC 3151
P: 03 8656 1200
www.esta.vic.gov.au