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NAFC facilitated the largest, most diverse, National Fleet to date, comprising 50 separate services across the nation, provided by 47 aircraft.

Highlights

- NAFC facilitated the largest, most diverse, National Fleet to date, comprising 50 separate services across the nation, provided by 47 aircraft.
- NAFC contracted aircraft were activated on over 1,100 occasions and made more than 13,000 drops delivering over 22 million litres.
- A revised Funding Agreement with the Australian Government increased funding and improved its future certainty.
- NAFC and its members rolled out a national standard approach to the provision of tracking and event logging for aircraft involved in firefighting and related operations

- A DC-10 fixed wing Airtanker the largest firefighting aircraft flown in Australia — was contracted for an operational trial of Very Large Airtankers in Victoria.
- The National Fleet played a role in flood mitigation and rescue in Queensland and New South Wales.
- NAFC provided evidence to the 2009 Victorian Bushfires Royal Commission.
- A joint project for regulatory reform was initiated with the Civil Aviation Safety Authority

- NAFC and member agencies trialled aerial intelligence gathering systems, including an extended operational trial in South Australia.
- A cooperative project to evaluate the potential of unmanned aerial systems was commenced.
- NAFC played a key role in the formation of the International Fire Aviation Working Group.
- Changes were made to the NAFC Constitution to allow for a broader role in the future.

Members as at 30 June 2010:

Australian Capital Territory State of New South Wales State of Queensland State of South Australia State of Tasmania State of Victoria State of Western Australia

Photo Acknowledgements

Wayne Rigg, State Aircraft Unit, Victoria Front and back cover, pages 14, 17

South Australia Country Fire Service Pages 2-3, 18, 35

Paul Baker, New Zealand Fire Service page 22

Directors as at 30 June 2010:

Mr Russell Rees Chief Officer Country Fire Authority Victoria

Mr Michael Brown Chief Officer Tasmania Fire Service

Ms Naomi Brown Chief Executive Officer Australasian Fire and Emergency Service Authorities Council

Mr Euan Ferguson Chief Executive Officer Country Fire Service South Australia

Mr Shane Fitzsimmons Commissioner New South Wales Rural Fire Service

Mr Craig Hynes Chief Operations Officer Fire and Emergency Services Authority

Mr Lee Johnson Commissioner Queensland Fire and Rescue Service

Western Australia

Mr Mark Crosweller Commissioner Australian Capital Territory Emergency Services Agency

Company directory

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Chair Mr Shane Fitzsimmons

Secretary Ms Naomi Brown

Treasurer Mr Craig Hynes

Auditor

Deloitte Private 550 Bourke Street Melbourne Victoria 3000

Chair's Report

Shane Fitzsimmons

Chair

It gives me great pleasure to report another successful and very progressive year for the National Aerial Firefighting Centre (NAFC). The 2009-10 bushfire season saw NAFC, with the support of the Commonwealth and state and territory governments, facilitate the provision of the largest and most capable National Fleet to date. Forty-seven highly specialised firefighting aircraft operated around the country, providing fifty separate services. NAFC also implemented significant support capabilities and facilitated a number of trials, cementing its position as an industry leader in the development of aerial firefighting.

Fortunately, despite many parts of Australia remaining dry, the 2009-10 bushfire season did not see a repeat of the tragic events that occurred in Victoria in February 2009. Nonetheless, significant fires did occur, most notably in Western Australia where extended dry conditions ensured the season was long. National Fleet aircraft were in place across Australia from mid-August 2009 until late April 2010, highlighting that NAFC and the National Fleet are now year-round operations. Fleet aircraft also played a role in flood mitigation support and rescue efforts in Queensland and New South Wales, again illustrating the varied role aircraft can play in an all-hazards approach to emergency management.

Development, collaboration and innovation

Additional firefighting aircraft services were introduced in Western Australia, New South Wales and Tasmania this bushfire season. In Victoria, NAFC procured a McDonnell Douglas DC-10 firebombing aircraft, and supporting aircraft, for a trial of the Very Large Airtanker (VLAT) class of aircraft conducted by the Victorian Government (see page 14). With the capacity to drop approximately 44,000 litres of fire retardant, the DC-10 is the largest aircraft to be trialled in aerial firefighting in Australia.

NAFC has followed the development of VLAT class aircraft since their use was first proposed, sending aerial firefighting personnel overseas to examine their operation in detail in 2007. NAFC Director. Mr Euan Ferguson, served on the project control board for Victoria's 2009-10 evaluation project. The NAFC Board also examined the aircraft and ground operations during a NAFC Board meeting at Avalon airport in February 2010. The results of this evaluation have recently been published by the Bushfire Cooperative Research Centre.

In 2009–10 NAFC was able to extend its collaborative model beyond routine sharing of aircraft resources. A great example is the introduction of a nationally standard system for tracking and event logging of aircraft involved in firefighting that was rolled out in December of 2009 and which represents a new cooperative approach to the provision of support services. NAFC and its member states and territories adopted this national system following extensive investigation and consultation with agencies and operators throughout Australia. It is planned that this approach will extend to messaging systems in the future.

In another notable area of collaboration and innovation, NAFC and its members undertook cooperative trials of aerial intelligence gathering systems. In particular, the Country Fire Service of South Australia (CFS) hosted an important component of the ongoing national trial in March 2010, flying a contracted specially-equipped fixed-wing aircraft over several prescribed burn operations in South Australia, during the day and at night (see page 17).

The Board see value in moving towards a wider resource sharing operation in the future, and NAFC's success as a collaborative model provides a tremendous springboard for this development. Consequently, a number of amendments were made to the NAFC constitution in October 2009. For the most part these changes were refinements that reflect the experience gained in NAFC's formative years. These amendments confirm that NAFC is now a mature organisation that provides a strong foundation for extending collaboration and cooperation.

Board changes

There has been significant change on the NAFC Board. The resignation of Mr Russell Rees AFSM as a Director of NAFC corresponded with his retirement as Chief Officer of Victoria's Country Fire Authority. On behalf of the NAFC Board, I would like to thank Mr Rees for his input during his time on the Board.

We were pleased to welcome Mr Mark Crosweller AFSM as the new Director for the Australian Capital Territory. At the Board elections in November 2009 I was honoured to be confirmed as Chair of the Board. The changes to the NAFC Constitution in October 2009 provided for a new executive position of Deputy Chair to which Mr Craig Hynes was elected. Mr Hynes will also continue as Treasurer.

Thanks

A successful collaboration depends entirely on the commitment and effort of the participating organisations and their people. It is a pleasure to acknowledge the contribution of the members of the state and territory aircraft units around Australia who willingly share their time and expertise. On behalf of the Board, I would also like to take the opportunity to thank the Australasian Fire and Emergency Service Authorities Council (AFAC) for their continuing support. Thanks are also very much due to the NAFC staff for their efforts, which often go beyond the call. Mr Richard Alder continued as NAFC General Manager during 2009–10 and the Board thanks the Victorian Department of Sustainability and Environment and AFAC for continuing to make Richard available.

2009-10 saw the first season of a new arrangement with the federal government which increased funding from the Commonwealth and improved its certainty. The funding is obviously crucial in ensuring we have high-quality, specialised aircraft resources available to support our firefighters. The other benefits it brings in terms of catalysing collaboration and harmonisation between states and territories must also be acknowledged. In this respect, the Board would very much like to acknowledge the continuing support of the federal government and particularly thank the federal Attorney-General, the Hon. Robert McClelland MP, for his foresight and support.



I am greatly encouraged by the success of NAFC. There is arguably no better illustration of the states and territories capacity to work collaboratively with each other and the federal government to improve fire management outcomes to the benefit of the Australian community. After a busy 2009–10 we very much look forward to continuing the evolution in 2010–11.

SA

Shane Fitzsimmons AFSM Chair

General Manager's Report

2009 - 2010 Fire Season

Richard Alder

This bushfire season NAFC put in place for members the largest, most capable and diverse National Fleet of aircraft services in its history. annual ongoing funding from the Commonwealth, and increased support from state and territory governments.

The big-ticket item was, of course, the McDonnell Douglas DC-10-30 aircraft, procured for an operational trial in Victoria (see page 14). The DC-10 is by far the largest firebombing aircraft to operate on bushfires in Australia.

We should not overlook the addition of other aircraft during 2009-10, such as the Type 1 helicopter based in Western Australia, a Type 1 helicopter in New South Wales, an additional Type 3 helicopter based in Tasmania, as well as a Type 4 (single-engined airtanker) fixed wing firebomber in South Australia.

In total, NAFC provided a National Fleet of 47 aircraft providing 50 services, ranging from a "skimming" Type 4 fixed wing firebomber on

floats, through to highly specialised intelligence gathering fixed wing aircraft, to the enormous DC-10. Helicopters ranged from Type 3 This was made possible by increased (light) helicopters, specially equipped for mapping and intelligence gathering, through to the Highvolume Type 1 (heavy) helicopters such as the Erickson Aircrane. In 2009-10 the National Fleet fielded five Aircranes, with a sixth available on an ad hoc basis. Four secondary or "reserve" contracts were also maintained, should any member have required supplementary capacity for a busy or high-risk season.

> As noted by our Chair, it was a great relief that the 2009-10 fire season did not see a repeat of the type of catastrophic events that marked the 2008-09 season. Nonetheless, conditions remained dry in many parts of Australia, with a steady level of activity across the country. Queensland and Western Australia in particular experienced abovenormal bushfire risk situations and extended seasons. Utilisation of the National Fleet in 2009-10 was still

This bushfire season NAFC put in place for members the largest, most capable and diverse national fleet of aircraft

services in its history

relatively high, although slightly down

on the very demanding previous year.

capable and strategically positioned

of operational bases, aircraft did not

have to be re-deployed across state

and territory borders. Although at

times pre-planning and heightened

was no specific requirement for the

Aerial Suppression Operations Group

Table 1, overleaf, shows the utilisation

of the National Fleet during 2009-10.

to meet during 2009–10 to consider

priority allocation of resources.

readiness to move was initiated, there

The nature of fire incidents that

fleet, meant that, other than the

normally planned seasonal shifts

occurred, along with the very

Table 1 National fleet utilisation 2009–2010

State/ Territory	Service	Aircraft	Number of Drops
ACT	RW-K AAS	Eurocopter AS 350 BA	280
ACT	RW-K	Bell 212	19
NSW	HV-A	Erickson Aircrane S-64F	521
NSW	HV-A AAS	Eurocopter AS350	0
NSW	HV-E	Erickson AircraneS-64E	21
NSW	FW-P	Air Tractor AT-802	287
NSW	RW-A	Bell 214B	741
NSW	RW-U	Bell 214	604
NSW	FW-A	Air Tractor AT-802	377
NSW	FW-B	Air Tractor AT-802	76
NSW	FW-L	Cessna T337G	0
NSW	RW-G	Bell 212	1448
NSW	RW-H	Kawasaki BK117 B2*	760
NSW	RW-J	Kawasaki BK117 B2*	941
NSW	RW-K	Bell 212	810
NSW	RW-S	Bell 206 L3HP	0
QLD	RW-Q1	Eurocopter AS350-B3	504
QLD	RW-Q2	Eurocopter AS350-B3	227
QLD	RW-Q4	Eurocopter AS350-B3	527
SA	FW-C	Air Tractor AT-802	25
SA	FW-D	Air Tractor AT-802	27
SA	FW-E	Air Tractor AT-802	159
SA	FW-EAAS	Cessna 337G	0
SA	FW-F	Air Tractor AT-802	136
SA	FW-G	Air Tractor AT-802	170
SA	FW-J	Air Tractor AT-602	50
SA	FW-S	Air Tractor AT-502	21
SA	FW-K	Air Tractor AT-602	44
SA	HV-D	Erickson AircraneS-64E	133

Amount of Suppressant or Retardant Dropped	Other Activations	Total Activations	
152600	10	18	
26600	4	5	2
2495156	0	9	
0	18	18	
134870	0	3	
861000	6	38	
1963650	17	34	
1932800	15	23	
1098450	2	35	
231500	0	12	
0	26	26	
2881200	34	59	
826800	14	25	
879800	21	45	
934150	18	31	2
0	17	17	
500,000	7	40	1
227,000	5	19	1
527000	1	31	1
81000	8	25	
86400	7	23	
652000	16	54	
0	60	60	
434900	19	58	
540800	23	69	
121386	8	22	
39753	6	13	
108936	4	17	
527952	2	10	

Table 1 Continued

National fleet utilisation 2009-2010

SA	RW-N	Bell 214B	66	198150	19	25	
SA	RW-P	Bell 205A-1	113	142500	19	28	
SA	RW-P	Bell 205A-1	113	142500	19	28	
SA	RW-T	Bell 206L	0	0	76	76	
SA	FW-Q	BN2T	0	0	10	10	
VIC	VLAT-A LP	Beechcraft Kingair E-90	0	0	15	15	
VIC	VLAT-A LP	McDonnell Douglas DC10-30	1	42266	5	6	
VIC	RW-B	Sikorsky S61N	465	1176452	5	19	
VIC	RW-C	Sikorsky S61N	499	1872400	15	33	
VIC	RW-Y	Sikorsky S76B	0	0	12	12	
VIC	HV-B	Erickson Aircrane S-64F	70	238391	5	8	
VIC	HV-C	Erickson Aircrane S-64E	20	58980	8	11	
VIC	HV-C AAS	Bell 206	0	0	8	8	
WA	FW-N	Air Tractor AT-602	73	160600	0	28	
WA	FW-P	Air Tractor AT-602	70	165000	0	28	
WA	RW-E	Sikorsky S61N	489	1322674	2	46	
WA	RW-V	Sikorsky S61N	338	933428	1	29	
WA	RW-R1	Eurocopter AS 350 B3	578	588000	0	60	1
WA	RW-R2	Eurocopter AS 350 B3	552	574000	0	58	1
WA	RW-R3	Eurocopter AS 350 B3	237	286000	1	23	1
WA	RW-R4	Eurocopter AS 350 B3	270	530000	1	31	
TAS	RW-L	Bell 212	774	7948191	4	20	
TAS	RW-M	Eurocopter AS 350 B3	212	212000	4	13	

TOTAL

* aircraft on partial availability 1. complementary - same aircraft used for consecutive service periods in two different states

2. shared - same aircraft used for single service period in two different states

13,524

22,110,109

FW - Fixed Wing RW - Rotary Wing AAS - Air Attack Supervisor Platform HV – High Volume LP - Lead Plane

1,121

422

Australian Government support In May 2009, the federal Attorney-

General, the Hon. Robert McLelland MP, made a milestone announcement that extended the Australian Government's support for the national aerial firefighting arrangements. As part of the federal budget, the Australian Government's contribution to the national aerial firefighting program was increased by \$12.8 million over four years, providing annual funding of around \$14 million until 2012-13.

The 2009-10 fire season represents the first year of the revised funding arrangements. As we noted in last year's annual report, this welcome announcement provides crucial funding for the provision of specialised aircraft resources to support firefighters. Additionally, it provides funding certainty over a four-year period that will greatly assist the development of a robust aerial firefighting capability for Australia.

The additional funding required the development of a new Funding Agreement with the Australian Government. An agreement was prepared and duly executed in April 2010.

Throughout the year the Australian Government contribution to the national aerial firefighting arrangements continued to be managed by the Attorney-General's Department. Immediately prior to the 2009-10 financial year, government changes resulted in a transfer of responsibility to the Emergency Management Capability Development Branch within the Attorney-General's Department. As in previous years, it is our pleasure to express thanks to staff of the Attorney-General's Department for ensuring a cooperative and productive working relationship. We would particularly like to acknowledge the support of Assistant Secretary Mr Peter Channels and Program Manager Mr Gerry Foster.

Innovation, development and research

2009-10 could well be termed the "year of innovation" and it provided some great opportunities to progress NAFC's innovation and development agenda.

As covered elsewhere in this annual report, the large airtanker evaluation program progressed significantly with the operational trial of the DC-10 Very Large Airtanker in Victoria. The evaluation project for large airtankers is a product of NAFC's Future Aerial Fire Management Capability approach to market, covered in last year's annual report. NAFC is hopeful that continued testing and trialling of large and very large airtankers in the future will further add to our knowledge and experience base.

Another outworking of the Future Aerial Fire Management Capability process is a project examining aerial intelligence gathering capabilities. This project also advanced significantly in 2009–10, with a number of operational trials occurring. Most significant was the trial of a specially equipped fixed wing surveillance platform conducted in South Australia with the support of the South Australian Country Fire Service (see page 17). The trial, which included a series of simulated day and night missions primarily using prescribed fire, provided valuable data regarding aerial surveillance platforms, sensor packages, and integration and communication systems. The aerial intelligence gathering trials also included a series of other evaluations using different platforms.

On a related note. NAFC instituted a project to examine the potential of Unmanned Aerial Systems (UAS) in supporting fire and emergency operations – also following the Future Aerial Fire Management Capability process. UAS technology has advanced significantly in recent

years and we are keen to closely evaluate the potential application of UAS in fire support. Following a series of desktop studies, Insitu Pacific was selected to undertake an operational trial during 2009-10. Insitu kicked off the project with a demonstration in protected airspace in September 2009. A number of airspace management issues still need to be resolved before the next field trial component can proceed but valuable experience with UAS was obtained and further operational trialling is planned to continue in 2010–11. NAFC and members also received a number of briefings on UAS technology from related sectors and potential suppliers.

NAFC was also pleased to introduce the first AirTractor AT802 "Fireboss" to operational duties in Australia. The introduction is on a trial basis and is being carried out in partnership with New South Wales. The Fireboss aircraft is a Type 4 fixed wing firebomber capable of amphibious operation and re-filling by skimming or scooping the surface of a suitable water source. This offers the potential to improve productivity compared to land-filled aircraft in circumstances where suitable water bodies are appropriately located. The machine was successfully trialled in northern and central New South Wales during 2009-10 with very positive results.

Member agencies also continued trials of firebombing drops using water enhancers, or gels.

During the year, the NAFC Board agreed to become a partner in the proposed extended Bushfire Cooperative Research Centre. NAFC staff also participated in forums aimed at finalising a national research agenda for the Centre.

Tracking, event logging and messaging

A big step forward during 2009-10 was the formal rollout of the national approach to tracking and event logging that had been agreed by members following successful trials in 2008-09 (see box on page 15). The rollout is the culmination of a huge amount of work among NAFC and its member's agencies. It provides an important safety net for firefighting aircraft and improved operational management for NAFC members. The rollout of the national approach is a milestone for NAFC as it represents the first implementation of a major operational support system on a national basis.

Australasian Fire and Emergency Service Authorities Council

The Australasian Fire and Emergency Service Authorities Council (AFAC) continued to provide NAFC with management and administration services in 2009–10, under a management services arrangement. As in previous years, NAFC very much values the support from AFAC and the close working relationship. We would like to particularly acknowledge the contributions from AFAC Chief Executive Officer and NAFC Company Secretary Ms Naomi Brown and also of Mr Trevor Essex who expertly manages NAFC's finance and accounting.

Wildfire Aviation Technical Group

NAFC continued to provide facilitation and executive support to the AFAC Wildfire Aviation Technical Group (WATG) — a sub-group of the AFAC Rural and Land Management Group.

WATG met formally on three occasions during 2009–10, including a joint workshop with the NAFC Board in May 2010. This workshop focused on the creation of national doctrine for aerial fire management and an assessment of the future of Very Large Airtanker (VLAT) utilisation in Australia.

WATG members continued to lead reviewing and debriefing operational practices over the fire season to ensure lessons learnt in one jurisdiction were transferred to others. Another key activity for WATG during 2009-10 was assisting the Bushfire CRC to finalise outcomes and products from research into aerial firefighting.

NAFC and WATG were also pleased to continue to support AFAC's development of a draft framework for a national training and certification system and associated training resource kits for specialist personnel involved in managing, supervising and supporting fire and emergency aviation operations. This role-based system, which draws heavily on the system implemented by the Victorian Department of Sustainability and Environment, is expected to be rolled out in 2010-11.

Finance

NAFC continues to be in a sound financial position with sufficient reserves to cover most foreseeable contingencies. In particular, NAFC is now able to avoid dependence on short-term borrowing to address cash flow issues associated with administering the Goods and Services Tax. Audited details of finances are provided in the accompanying Special Purpose Financial Report.

Despite an easing of global economic conditions, on occasions cashflow timing did adversely affect the organisation's ability to earn interest on reserves. This normally provides an important contribution to operating costs, in turn reducing the dependency on contributions from members. An important provision in the new Funding Agreement with the Commonwealth has, however, allowed NAFC to direct a small proportion of Australian Government funds towards project costs, thus significantly alleviating budget

pressure. NAFC welcomes this approach which greatly contributes to the organisation's stability and sustainability.

Other activities International

NAFC was represented at international forums and we continue to be a well-respected player in the international fire aviation community. In September 2009, NAFC Director Mr Euan Ferguson chaired a dedicated international aerial firefighting conference on the Gold Coast where I provided the welcoming address. I also presented a paper on evaluating aircraft to an aerial firefighting conference in Vancouver, Canada, in February 2010.

NAFC also contributed significantly to a study of resource sharing models conducted on behalf of the European Commission. The Commission was interested in the success of the NAFC model in informing possible future arrangements for sharing aircraft resources for firefighting across Europe.

A major advance, which NAFC has championed in recent years, was the formation of an International Aviation Working Group (see page 16) to facilitate international sharing of information and potentially sharing of resources.

Spatial Information Workshop NAFC also took a major role in promoting and facilitating a daylong workshop on the application of spatial information to emergency management. This workshop was held in conjunction with the AFAC / Bushfire CRC Fire 2009 Conference in September. This successful session, ultimately convened by the Emergency Management Spatial Information Network of Australia (EMSINA), originally grew out of NAFC's efforts to promote information sharing regarding portable mapping devices. This is a most worthwhile development and we hope it will become a regular feature in the future.

A major advance, which NAFC has championed in recent years, was the formation of an International Aviation Working Group

Regulatory reform project NAFC has also embarked on a major project with the Civil Aviation Safety Authority (CASA). The project aims to identify regulatory and associated issues that affect fire and emergency aviation and develop appropriate strategies and solutions. One part of this project examines the possibility of producing national standard guidance for inclusion in aircraft operator's legally required Operations Manuals. Considerable effort was expended on this during 2009-10. This is a large and complex mission, but NAFC is pleased to be working with CASA to resolve the regulatory issues and uncertainties that have affected the industry for some time.

Constitution

Changes were made to the NAFC constitution at the October 2009 Annual General Meeting. The key change was the broadening of the objects of NAFC to provide for a possible expanded future role in facilitating national collaboration and cooperation. Other amendments were largely of a procedural nature.

NAFC Operations The following new NAFC internal policies were adopted during 2010:

- NAFC Electronic
- Communications policy NAFC Environment policy
- NAFC Privacy policy

On the staffing front, NAFC farewelled Ms Jo Black, who had capably performed the role of NAFC Administrator during Ms Claire Bundey's absence on parenting leave. We were delighted to welcome Claire back to the NAFC office. Claire has been with NAFC since its inception and made a tremendous contribution over that time.

We were also very pleased to welcome two new staff members: Mr Martin Batt, who had previously overseen NAFC procurement projects joined the staff, and Ms Anna Barnes came on board in administration and communications.

NAFC staff attended a range of stakeholder meetings, contractor briefings and workshops throughout the year.

Strategic alliances

NAFC maintained membership in the following organisations during 2009-10

- Fire Management Actions Alliance
- Flight Safety Foundation (which now incorporates the Aviation Safety Foundation of Australasia).

In January 2010 NAFC agreed to become a partner in the Bushfire Cooperative Research Centre, The partner agreement will be formalised during 2010-11.

Notable among the various meetings held throughout the year was a joint meeting, along with AFAC and the Bushfire CRC, with Mr Kelvin Cochran, the United States Fire Administrator. We are also pleased to maintain a great working relationship with US authorities such as the Department of Agriculture Forest Service and the Bureau of Land Management. These relationships have resulted in many useful exchanges of information over the course of the year.

Thanks

For myself and the NAFC staff it is a pleasure to thank the NAFC Board, and in particular Chair Mr Shane Fitzsimmons, for continued strong support and guidance during the year.

I would also like to thank the staff and volunteers in member agencies especially those working with various state and territory aircraft units – who have contributed to the smooth operation of NAFC and the national fleet over the year. As a "year of innovation", 2009-10 required significant commitment from agency staff, and at times there were tight deadlines to meet. Once again we specifically acknowledge the efforts of Mr David Cant, from South Australia, whose continued commitment and support for national programs goes above and beyond.

Finally, it is gratifying to recognise the hard-working NAFC staff who at times found themselves confronted with mountains of paperwork at some odd hours. NAFC took on a range of demanding innovation projects alongside the significant procurement actions necessary to ensure that 50 highly specialised aircraft — including some new and complicated ones - all arrived in the right place at the right time and the staff certainly responded to the challenge.

Richard Alder AFSM General Manager

Trial of Very Large Airtankers (VLĂT)

This year heralded the first operation of a Very Large Airtanker (VLAT) in Australia. A VLAT is a fixed wing aircraft capable of delivering in excess of 40,000 litres in one load to a distance of 720 kilometres from base, and returning to that base.

NAFC and its members have followed the introduction and operation of VLATs with interest over some years. Developments in the class were examined during the NAFC Best Practice Visit in 2006 and subsequently NAFC arranged a number of international visits by specialist personnel to further investigate operational considerations. NAFC's 2008 Request for Proposals for Future Aerial Fire Management Capability also provided for closer analysis of the potential of VLAT aircraft. The NAFC Board decided that trialling VLAT capabilities under Australian conditions would be valuable.

In 2009, the Victorian Government announced it was in a position to sponsor a trial of a VLAT aircraft. Funding was provided largely by the Victorian Government, with a contribution also from the Australian Government via NAFC. Following a competitive procurement process, NAFC

arranged a contract for a McDonnell made under simulated conditions Douglas DC-10 Airtanker from the United States, with an accompanying Raytheon Kingair E90 lead-plane aircraft. Victorian fire agencies designed and arranged a suitable evaluation program.

A significant component of the evaluation program was to measure the effectiveness of the aircraft in controlling wildfires, and the Bushfire Cooperative Research Centre (CRC) was engaged to undertake this part of the program. NAFC kick-started the evaluation program by engaging the Bushfire CRC to develop evaluation criteria for large and very large airtankers. NAFC also arranged a contract for a specially equipped Sikorsky S76 helicopter to assist with gathering high quality data for measuring effectiveness. A project control board that included NAFC Director, Mr Euan Ferguson, as a NAFC nominee, oversaw the whole project.

A relatively quiet fire season limited the opportunities to trial the DC-10 under unplanned fire conditions. Despite this, valuable data was obtained when the aircraft did make an extended drop on a bushfire in north-western Victoria. The remaining drops were

using planned fires and under test conditions.

From the NAFC perspective a particularly positive feature of the trial was the involvement of a significant number of personnel from around Australia. The personnel assisted with the management and support of the operation and gathered data for the evaluation. NAFC was also pleased to facilitate the involvement of experts from the United States.

Special mention should be made of the efforts of staff from the Victorian State Aircraft Unit in ensuring the success of the trial, as well as NAFC staff, the Civil Aviation Safety Authority and the aircraft service providers AG Airwork, of Stawell in Victoria, and 10 Tanker Air Carrier LLC of the United States. The safe and successful introduction of a new aircraft type into Australia for such highly specialised operation in a tight timeframe is no small feat.

The effectiveness evaluation report was released by the Bushfire CRC in September 2010 and is available on their website.

AFAMS – National Aircraft Tracking and Event Logging System

Experience with aircraft tracking systems in some states over many years has demonstrated the tremendous value of real-time automated tracking of aircraft for safety purposes and efficient management of aerial resources. In the past, member agencies coordinated these systems individually. For example, Victoria has had a GPS-based Resource and Aircraft Tracking System in place for over 10 years.

In 2009, following a successful trial over the 2008-09 southern fire season, NAFC members collectively decided to implement a national approach to aircraft tracking. The system adopted also provides for real-time collection of event data and, in the future, for short messaging.

The adoption of a national approach ensures that aircraft can move seamlessly between states and territories. It provides a service to those jurisdictions that did not have critical mass to support a system and leverages pricing and service benefits for all

The national system uses an integration approach in which data from all aircraft passes through a central integration service for

distribution to users. Participating agencies are then able to incorporate the data in their own information systems. This also allows for aircraft operators, in most instances, to retain existing tracking equipment and tracking services, and provides compatibility with the North American Automated Flight Following system.

During 2009-10, NAFC, on behalf of member agencies, entered a Service Level Agreement with New Zealand company TracPlus Global Ltd to provide integration services.

For ease of reference, the system has now been assigned the moniker "AFAMS" - Australian Fire and emergency Aircraft Monitoring System.

NAFC is looking forward to consolidating and extending the functionality of AFAMS. Tracking functionality was fully implemented over 2009-10. Real-time event logging and messaging will undergo intensive testing over the 2010-11 season with a view to finalising standards and fully incorporating these components during 2011.

More information can be found on the NAFC website at

www.nafc.org.au

The International Fire Aviation Working Group

2010 saw the formal creation of the International Fire Aviation Working Group (IFAWG) as an advisory group to the United Nations International Strategy for Disaster Reduction. The concept of an international working group was originally initiated through the NAFC sponsored session at the 4th International Wildland Fire Conference in Seville, Spain, in 2007. NAFC has continued to assist with the formation of the group.

The IFAWG comprises representatives of nations and jurisdictions that utilise aircraft in landscape fire management. The mission is to "identify and facilitate opportunities for multilateral communication and cooperation to improve the safety, efficiency and effectiveness of aerial fire management."

The group will communicate principally by electronic means, but met formally for the first time in Freiburg, Germany, in June 2010.

The IFAWG will have a particular focus on exchanging information relevant to safety of operations and the development of voluntary guidelines aimed at achieving harmonisation of standards and promoting best-practice.

The IFAWG is coordinated through the Global Fire Monitoring Centre (GFMC) in Germany. For more information see www.gfmc.org.

The 2009 Victorian Bushfires Royal Commission

The 2009 Victorian Bushfires Royal Commission was a most significant event for the community and the fire sector.

The Commission took the time to examine aerial firefighting and support in some detail. Although the Commission was concerned principally with the tragic events in Victoria during 2009, there are inevitably national implications and the Commission did emphasise the need for national collaboration and positions.

On behalf of NAFC, General Manager Richard Alder provided an extensive Statement to the Royal Commission and was subsequently called as a witness in the public hearings during April 2010.

In their final report, published in July 2010, the Commission was generally supportive of the use of aircraft as an integral part of initial attack, and to provide continuing support during extended fires. The Commission also acknowledged the various limitations of aircraft and the importance of working in conjunction with ground crews.

The Commission made a number of recommendations regarding aerial operations. Recommendation 20 concerned specific aspects of Victorian support systems. Recommendation 21 suggested developing an arrangement whereby Commonwealth aerial resources suitable for firefighting and support activities be incorporated in preparedness plans and used

on days of high fire risk. Clearly this recommendation had national implications and the NAFC Board has already determined that NAFC should play a role in implementation.

Although not directed specifically at aerial firefighting, mention should also be made of the Commission's recommendation to establish a national centre for bushfire research. NAFC has a key interest in pursuing and promoting coordinated, collaborative research in aerial fire management.



Trials of Aerial Intelligence Gathering

NAFC sees great potential in continuing to develop the use of aerial platforms for acquiring intelligence during fire and emergency operations to provide timely and reliable information to affected communities and incident management teams. There are already a number of aircraft specially equipped for intelligence gathering in the National Fleet, such as the Type 3 helicopter based in Sydney. Following on from NAFC's approach to market, the Future Aerial Fire Management Capability (FAFMC) 2008, a project was developed to more closely examine options for aerially acquired intelligence. The project aimed to expand NAFC's members

experience with intelligence gathering sensor packages and platforms and integration, mapping and communication systems under a range of conditions.

As part of this ongoing project the South Australian Country Fire Service (CFS) hosted a one month trial in South Australia during March 2010. For this trial NAFC engaged a specially equipped Britten-Norman Defender fixedwing aircraft from Airborne-Surveillance (Australia). The CFS designed and conducted a comprehensive evaluation program which saw the aircraft flown on a range of day and night missions using prescribed burns to simulate bushfires.





As expected, the South Australian trial provided valuable data on a wide range of parameters including the application of high definition electro-optical sensors.

The project also trialled Coulson Aircrane's Sikorsky S76 helicopter for intelligence gathering work. The helicopter was engaged through NAFC to monitor the Very Large Airtanker (see page 14). The S76 is also equipped with integrated high definition electro-optical sensors and mapping and communication packages.

The information obtained from these trials will be used to develop evaluation criteria for the various components of aerial intelligence gathering and to guide selection of future capabilities.



National Aerial Firefighting Centre Limited

A.C.N. 105 736 392

Annual report for the financial year ended 30 June 2010

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Special purpose financial report for the financial year ended 30 June 2010

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Directors' report

the annual financial report of the company for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001,

The names of the directors of the company during or since the end of the financial year are:

Name

Mr M Brown Mr E Ferguson Mr S Fitzsimmons Mr L Johnson Mr C Hynes Ms N Brown Mr R Rees (appointed 4 August 2009); (resigned 30 June 2010)

Mr M Crosweller (appointed 26 February 2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Ms N Brown. Ms Brown's qualifications are detailed on page 3 in the information on directors.

Principal activities

The principal activity of the company during the financial year was coordinating and managing the acquisition and deployment of a national aerial firefighting fleet. No significant change in the nature of these activities occurred during the year.

Short and long term objectives of the entity

Objectives of the organisation are defined in the Constitution (revised Oct 2009). The objectives for which the company has been established are all or any of the following:

- to support collaboration and cooperation between Members with respect to the sharing of resources and information for the purposes of fire and emergency management;
- to coordinate and manage the acquisition and deployment of fire and emergency resources and logistical support on behalf of Members in order to benefit the community; and
- to raise funds by any lawful means for the achievement of its objects including, without limitation, securing funding from Federal or State Government bodies, or other entities.

The entity's strategy for achieving its objectives

- Maintain a Funding Agreement (with the Australian Government)
- Funding Agreement (for funding through to 2011/12) maintained throughout 2009/10. A revised version (for funding through to 2012/13) was executed in April 2010.
- Maintain a Resource Management Agreement with Members
- Resource Management Agreement (valid until 2013) was maintained throughout 2009/10.
- Procure aircraft services and maintain contract supply arrangements (Supply Agreements) with aircraft service suppliers, as required by Members

- Supply Agreements maintained with 15 suppliers for the provision of 53 services provided by 49 aircraft (including secondary or reserve agreements).
- Range of other activities to support harmonisation, collaboration, communication and cooperation and to promote best-practice.

Key performance indicators used by the entity

- NAFC is recognised for its good governance practices
- all regulatory requirements are met
- feedback from stakeholders endorses company structure, governance and operations
- NAFC structure meets the needs of stakeholders
- stakeholder lists are maintained
- stakeholders continue to resource. and support NAFC
- structure is reviewed and options are considered
- NAFC resource management meets stakeholder expectations
- members are satisfied with resource allocation
- Commonwealth expectations are met
- members participate in the Aerial Suppression Operations Group

NAFC risk management is best practice

- up-to-date risk register is in place
- risk plan is reviewed regularly
- risks are treated
- standards are benchmarked with industry
- NAFC fosters national collaboration and sharing in support of aerial fire management
- NAFC facilitates member participation
- NAFC facilitates continuous improvement and innovation in aerial fire management
- NAFC collects and measures data to support evidence-based decisions
- NAFC contributes to and influences appropriate research and development

Mr E Ferguson Chief Executive Officer and Chief Officer

Country Fire Service South Australia

Mr L Johnson Commissioner Queensland Fire & Rescue Service

Mr M Brown Chief Officer Tasmania Fire Service

Review of operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The surplus of the company for the financial year amounted to \$431,547 (2009: \$351,309).

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Mr C Hynes

Chief Operations Officer Fire & Emergency Services Authority of Western Australia

Mr S Fitzsimmons Commissioner of NSW Rural Fire Service

Ms N Brown

Chief Executive Officer Australasian Fire and Emergency Service Authorities Council

Future developments

The company expects to maintain the present status and level of operations.

Environmental regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The company's constitution precludes the directors of the company from recommending payment of any dividend.

Information on directors

The information on directors is as follows:

Mr M Crosweller

Commissioner ACT Emergency Services Agency

Mr R Rees

Chief Officer Country Fire Authority, VIC



Meetings of directors

Directors	Number eligible to attend	Number attended
Mr E Ferguson	9	9
Mr L Johnson	9	7
Mr M Brown	9	9
Mr C Hynes	9	8
Mr S Fitzsimmons	9	8
Ms N Brown	9	6
Mr M Crosweller	2	2
Mr R Rees	9	9

Indemnification of officers and auditors

The company has provided and paid premiums for Directors' and Officers' Liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the Company. The total amount of insurance contract premiums paid during the year was \$6,500.00 ex GST.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's independence declaration The auditor's independence

declaration is included on page 5 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Mr S Fitzsimmons (Chair) Director, Melbourne 09 September 2010



Deloitte.

The Board of Directors National Aerial Firefighting Centre Limited 5/340 Albert Street EAST MELBOURNE VIC 3002

9 September 2010

Dear Board Members,

National Aerial Firefighting Centre Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of National Aerial Firefighting Centre Limited.

As the lead audit partner for the audit of the financial statements of National Aerial Firefighting Centre Limited for the financial year ended 30 June 2010, I declare to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely

Seloctte Touche Tohmadsy DELOITTE TOUCHE TOHMATSU

Alison Brown

A M Brown Partner Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu

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the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu

Auditor's Independence Declaration

Deloitte

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion, the financial report of National Aerial Firefighting Centre Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 3: and

(b) complying with Australian Accounting Standards to the extent described in Note 3 and the Corporations Regulations 2001.

Deloitte Touche Tohmadsy

DELOITTE TOUCHE TOHMATSU

Alison Brown

A M Brown Partner Chartered Accountants Melbourne, 9 September 2010

Directors' declaration

As detailed in Note 3 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Statement of comprehensive income for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue	4	14,616,978	14,748,337
Disbursements made under the federal Attorney General's Department Funding Agreement		(13,632,039)	(14,077,800)
AFAC Staff Support expenses		(184,800)	(174,705)
Consultant expenses		(44,675)	(34,377)
Contractor expenses	5	(253,710)	(39,362)
Travel expenses		(21,033)	(27,487)
Other expenses		(49,174)	(43,297)
Surplus before tax		431,547	351,309
Income tax expense	3(a)	-	-
Surplus for the year	5	431,547	351,309
Other comprehensive income		-	-
Total comprehensive income for the year		431,547	351,309

Notes to the financial statements are included on pages 13 to 17.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr S Fitzsimmons (Chair) Director, Melbourne, 09 September 2010

Statement of financial position at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	9(a)	2,838,405	5,068,964
Goods and services tax recoverable		1,339,416	698,517
Other receivables		-	1,930
Prepayments		4,208	4,952
Total current assets		4,182,029	5,774,363
Non-current assets			
Property, plant and equipment	6	10,841	15,659
Total non-current assets		10,841	15,659
Total assets		4,192,870	5,790,022
Current liabilities			
Trade and other payables	7	2,715,985	4,744,684
Total current liabilities		2,715,985	4,744,684

Total liabilities

Net assets

Equity			

Retained earnings

Total equity

Notes to the financial statements are included on pages 13 to 17.

2,715,985	4,744,684
2,715,985	4,744,684
2,715,985	4,744,684
1,476,885	1,045,338

1,476,885 1,476,885 1,045,338

1,045,338

Statement of changes in equity for the year ended 30 June 2010

	Retained earnings \$	Total \$
Balance at 1 July 2008	694,029	694,029
Surplus for the year	351,309	351,309
Total comprehensive income for the year	351,309	351,309
Balance at 30 June 2009	1,045,338	1,045,338
Surplus for the year	431,547	431,547
Total comprehensive income for the year	431 547	431547

1,476,885

1,476,885

Notes to the financial statements are included on pages 13 to 17.

Balance at 30 June 2010

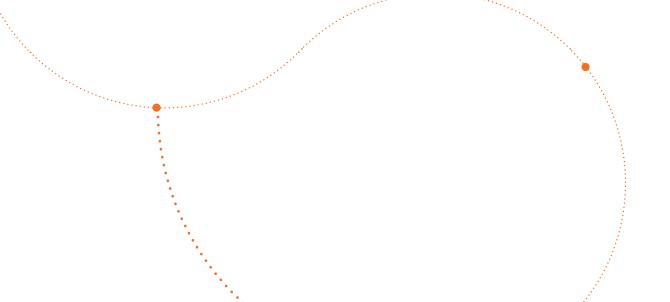
Statement of cash flows for the year ended 30 June 2010

Cash flows from operating activities
Receipts from Members
Operating grant receipts
Supply agreement disbursements
Payments to suppliers and employees
Interest received
Net cash (used in)/generated by operating activities
Cash flows from investing activities
Dunchase of an entry alout any damage

Purchase of property, plant, equipment Net cash used in investing activities

Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year Cash and cash equivalents at the end of the year

Notes to the financial statements are included on pages 13 to 17.



2010 \$	2009 \$
318,000	313,501
13,366,101	14,220,784
(13,632,039)	(12,697,151)
(2,574,599)	(314,828)
291,978	214,836
(2,230,559)	1,737,142
-	(19,273)
-	(19,273)
(2,230,559)	1,717,869
5,068,964	3,351,095
2,838,405	5,068,964
	318,000 13,366,101 (13,632,039) (2,574,599) 291,978 (2,230,559) - - (2,230,559) (2,230,559) (2,230,559) 5,068,964

Notes to the financial statements

1. General information

National Aerial Firefighting Centre Limited is a company limited by guarantee, incorporated and domiciled in Australia.

National Aerial Firefighting Centre Limited's registered office and its principal place of business are as follows:

5/340 Albert Street East Melbourne VIC 3002

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported *in the current period (and/or* prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

AASB 101 Presentation of Financial 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position at 1 July 2008, because the entity has applied new accounting policies retrospectively (see below).

•	
2.2 Standards and Interpretations adopted with no effect on financial statements The following new and revised Standards and Interpretations have also been adopted in these financial	statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.
AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting A-IFR for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In addition to the changes affect amounts reported in the financia statements described at 2.1 abov the amendments have led to a number of changes in the detail of the Group's accounting policie some of which are changes in terminology only, and some of w are substantive but have had no material effect on amounts report
AASB 2009-4 Amendments to Australian Accounting Standards	In addition to the amendments to AASB 5 and AASB 107 described
Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	earlier in this section, and the amendments to AASB 107 described in section 2.3 below, the amendme have led to a number of changes the detail of the Group's account policies - some of which are char in terminology only, and some of which are substantive but have had no material effect on amoun reported. Except as noted in 2.3 below, the changes in AASB 200 have been adopted in advance

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of their effective dates of 1

January 2010.

3. Significant accounting policies

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Significant accounting policies

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described below, the directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Income Tax

The company is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments net of outstanding bank overdrafts.

(c) Revenue

Government grants are assistance by the government in the form of transfers of resources in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants are recognised as income when the entity obtains control of the contribution, or the right to receive the contribution, and it is probable that the economic benefits comprising the contribution will flow to the entity.

Other revenue is recognised when the right to receive the revenue has been established.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and Services Tax (GST)

Revenues expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable, from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

- for receivables and payables which are recognised inclusive of GST.

The net amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(e) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(f) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

Depreciation is provided on plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Plant and equipment 2 - 5 years

4. Revenue

Operating grants - Attorney General's Department

Fees collected from Members

Interest received

5. Surplus for the year

Surplus for the year has been arrived at after crediting/(charging) th

Depreciation expense

Contracting expenses consists of the following:

Contracting expenses for the year

Reversal of accrued contracting expenses from prior periods

Remuneration of the auditors for:

Audit services

6. Plant and equipment

Plant and equipment at cost

Accumulated depreciation

7. Trade and other payables

Trade payables

Accruals

8. Economic dependency

The majority of revenue is received by way of recurrent grants from the Commonwealth Government

14,007,000	14,220,000
318,000	313,501
291,978	214,836
14,616,978	14,748,337

ne following items of income and expense:		
	(4,818)	(3,614)
	(253,710)	(211,862)
	-	172,500
	(253,710)	(39,362)
	(5,000)	(5,000)

19,273	19,273
(8,432)	(3,614)
10,841	15,659

2,699,356	1,783,369
16,629	2,961,315
2,715,985	4,744,684

9. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cheque account	338,405	333,430
Cash management account	-	4,735,534
Term deposits	2,500,000	-
	2,838,405	5,068,964

(b) Reconciliation of surplus for the year to net cash flows from operating activities

Surplus for the year	431,547	351,309
Depreciation	4,818	3,614

Movement in working capital		
(Increase)/decrease in assets:		
Other receivables	1,930	2,714
Goods and services tax recoverable	(640,899)	231,227
Prepayments	744	(1,144)
Increase/(decrease) in liabilities:		
Trade and other payables	(2,028,699)	1,149,422

10. Member's guarantee

The company is limited by guarantee. Upon winding up each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the company. At 30 June 2010 there were 7 members (2009: 7).

(2,230,559)

1,737,142

11. Subsequent events

There are no significant events subsequent to the reporting date.

Net cash (used in)/generated by operating activities



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