



South Australian Metropolitan Fire Service **2016-17 Annual Report**

South Australian Metropolitan Fire Service

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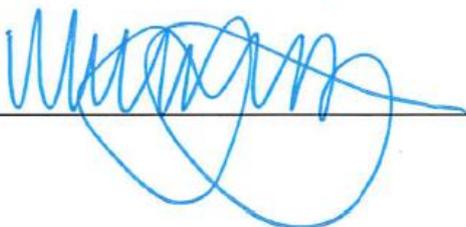
To:
Hon Chris Picton MLC
Minister for Emergency Services

This annual report is presented to Parliament to meet the statutory reporting requirements of *Fire and Emergency Services Act 2005* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the South Australian Metropolitan Fire Service by:

Michael Morgan
Acting Chief Officer and Chief Executive

Signature  Date 29/9/17

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The South Australian Metropolitan Fire Service (MFS) is the primary provider of urban firefighting services to the state of South Australia and a statutory authority committed to protecting life, property and the environment from fire and other emergencies.

The MFS is a community-focused organisation that aims to reduce the number of preventable emergency incidents, and protect lives and reduce the economic, social and environmental losses to the community resulting from fires and other emergencies that do occur.

By preventing and quickly and effectively responding to emergencies, the MFS helps make all South Australians safer by protecting lives, property and prosperity. The MFS holds a unique position of public trust and value because our personnel take measured risks to serve the community.

The MFS visibly helps ensure our neighbourhoods remain safe and welcoming. The MFS also protects the State's manufacturing and retail industries, thereby protecting jobs, skills and technologies that might not be replaced.

As an agency, the MFS is responsible to the Minister for Emergency Services and works in collaboration with the SA Country Fire Service, State Emergency Service and the South Australian Fire and Emergency Services Commission.

Objectives

The MFS 2016-2017 Business Plan identified the following areas of priority until 2020:

- **COMMUNITY** – Help make the South Australian community safer and more prosperous.
- **PREVENTION** – Minimise the frequency and effects of fires and other emergencies.
- **RESPONSE** – Reduce risk to life, property, environment and economy through operational excellence.
- **PREPAREDNESS** – Develop a sustainable community-focused organisation.
- **PUBLIC VALUE** – Exceed expected standards of corporate governance and provide public value.

Key strategies and their relationship to SA Government objectives

| Key strategy | SA Government objective |
|--|--|
| COMMUNITY – Deliver first class emergency services that minimise the social, environmental and economic loss. | STATE EMERGENCY MANAGEMENT PLAN (SEMP) – Aligning principles to underpin a resilient South Australia with robust Emergency Management arrangements. |
| PREVENTION – Promote, maintain and improve community education, fire investigation, building inspection and commissioning of building fire safety systems to ensure cost effective fire safety solutions that protect lives. | SA Strategic Plan - We are safe in our homes, community and at work. SA’s Seven Strategic Priorities: Safe communities healthy neighbourhoods; Growing advanced manufacturing. Low rates of preventable emergencies promote community positivity and investment. |
| RESPONSE – Work collaboratively to continuously improve the integration of emergency response and ensure we provide the nearest, fastest, and most appropriate resources. | STATE EMERGENCY MANAGEMENT PLAN (SEMP) – Aligning principles to underpin a resilient South Australia with robust Emergency Management arrangements. (e.g. Coordinated all agency approach). SA’s Seven Strategic Priorities: Growing advanced manufacturing. Limiting community losses minimises community and economic disruption. |
| PREPAREDNESS – Continuous improvement of our response and incident management capabilities including data management, incident review systems and professional development of personnel. | STATE EMERGENCY MANAGEMENT PLAN (SEMP) – Aligning principles to underpin a resilient South Australia with robust Emergency Management arrangements. SA’s Seven Strategic Priorities: Safe communities healthy neighbourhoods. The more effective our service is, the safer community and business feel. |
| PUBLIC VALUE – Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders. | SA Strategic Plan – We are safe in our homes, community and at work (Customer and client satisfaction). SA Government’s Three Approaches - Solutions that are economically, socially and ecologically sustainable. |

Agency programs and initiatives and their effectiveness and efficiency

| Program name | Indicators of performance/effectiveness/efficiency | Comments |
|--------------|---|---|
| PREVENTION | <p>Identify risks associated with fire and other emergencies.</p> <ul style="list-style-type: none"> - Fire cause established 96.5% of incidents. <p>Foster behaviours that increase community preparedness.</p> <ul style="list-style-type: none"> - 99% of Road Awareness Program (RAP) participants indicating they will adopt safer behaviours post-program. - 0% recidivism rate of Juvenile Firelighter Program (JFLIP) attendees. | <p>MFS Prevention programs have reduced community life, property and economic losses.</p> <p>For example, JFLIP is estimated to have saved over \$25M in health related costs and \$10M in projected property damage.</p> |
| PREVENTION | <p>The MFS undertook 192 building development proposal assessments during 2016-17.</p> <p>100% of building development assessments were completed within 20 days.</p> | <p>MFS Built Environs programs help to ensure the safety of SA public buildings. This includes ensuring new developments have required safety systems and do not employ high risk products or construction methods.</p> |
| RESPONSE | <p>Ensure effective operational call receipt and dispatch.</p> <ul style="list-style-type: none"> - Average time to answer 000 emergency calls was 4.5 seconds. - In 94.57% of cases, the agreed call response standard was met. | <p>The MFS Communication Centre ensured that resources from across the SA Emergency Services sector were promptly and effectively dispatched to all emergencies.</p> |

| Program name | Indicators of performance/effectiveness/efficiency | Comments |
|---|---|---|
| RESPONSE | <p>Ensure effective fire ground operations:</p> <ul style="list-style-type: none"> - 82.68% of 941 building and other structure fires were contained to the object, part or whole of room of origin. | <p>This performance means that in over 80% of cases, property damage was limited to the room of origin. This greatly limited community losses. The result is a combination of efficiency (response time) and effectiveness (the quality of firefighter performance).</p> |
| PREPAREDNESS – Learning and Development | <p>A highly skilled workforce that can safely undertake the roles required of MFS personnel.</p> <ul style="list-style-type: none"> - 36 new Firefighters were selected from the 2016-17 Recruitment Process. 18 completed recruit training with another 18 commencing training in June. - Significant numbers of MFS personnel were enrolled in nationally recognised training through the MFS Staff Development Framework (SDF). Enrolments included 286 personnel enrolled; 171 mandatory enrolments; 115 voluntary enrolments; and 1735 units of competency enrolled. | <p>MFS recruits are enrolled in a 14-week in-house training program that develops essential emergency response skills.</p> <p>Recruits and other MFS personnel are provided with access to nationally recognised competency-based training through the MFS SDF.</p> <p>High-level accredited training is considered essential given the high risk nature of firefighting.</p> |
| PREPAREDNESS – Infrastructure and Logistics | <ul style="list-style-type: none"> - During 2016-17, the percentage of MFS appliances over 20 years old decreased from 15% to 10% as new CAPA class appliances were commissioned. - MFS fleet reserve capability (the time where a minimum of two reserve appliances were available) was only 22.80% during 2016-17. However, appropriate vehicles and equipment supported operational performance at 100% of incidents. | <p>The new CAPA class appliances have greatly enhanced MFS capability in Adelaide and major regional centres.</p> <p>MFS fleet reserve capability was severely impacted during 2016-17 by the continued loan of two MFS urban pumping appliances to CFS Mount Barker.</p> |

| Program name | Indicators of performance/effectiveness/efficiency | Comments |
|---|---|--|
| PUBLIC VALUE (Environmental Practices) | <ul style="list-style-type: none"> - Ensure sustainable and environmentally friendly practices are employed by increasing total MFS photovoltaic energy generation. | The total MFS photovoltaic energy generation capability is now 120kW producing approximately 67,611 kwh during 2016-17. No additional capacity was added however, maintenance was undertaken to ensure panel efficiency was optimised. |
| PUBLIC VALUE (Finance) | <p>Indicators of fiscal performance include:</p> <ul style="list-style-type: none"> - An unqualified report for the Auditor General. - MFS aims to achieve an unqualified Financial Report each financial year. | The MFS received unqualified Auditor General's and Financial Reports during 2016-17. |
| PUBLIC VALUE (Work Health and Safety) | <ul style="list-style-type: none"> - Audit and Verification System for safety and injury management to AS/NZS 4801 2000. - Injury management – to key requirements of the Return to Work Act. | MFS conducted an internal audit of agency WH&S programs. No areas of non-compliance were identified. |

Legislation administered by the agency

Part 3 of the Fire and Emergency Services Act 2005

Organisation of the agency

- Community Safety & Resilience
- Metropolitan Operations
- Regional Operations
- Special Operations
- Infrastructure & Logistics
- Learning & Development
- Executive Services

MFS Organisational Chart 2017 – 2018 is available at http://www.mfs.sa.gov.au/site/about_us/our_organisation.jsp

Other agencies related to this agency (within the Minister’s area/s of responsibility)

- South Australian Fire and Emergency Services Commission (SAFECOM)
- South Australian Country Fire Service (CFS)
- State Emergency Service (SES)

Employment opportunity programs

| Program name | Result of the program |
|-------------------|---|
| Workforce Renewal | To address the need for workforce renewal the MFS aims to enhance the capacity and efficiency of recruitment and recruit training processes; increase the gender and cultural diversity among potential firefighter recruit applicants by actively engaging with community forums and marketing the service to members of the community who may not have previously considered firefighting as a profession; and enhance the capability of the MFS to train personnel to work in high-risk settings as firefighters and officers. |

Agency performance management and development systems

| Performance management and development system | Assessment of effectiveness and efficiency |
|--|--|
| MFS Staff Development Framework (SDF) – All MFS personnel are provided access to career-long nationally recognised competency-based training. All new Firefighters must complete six years of mandatory development. | <p>172 full-time metropolitan personnel were compulsorily enrolled in nationally recognised qualifications through the MFS SDF. 100% of these personnel completed their mandatory SDF requirements. 152 additional personnel voluntarily enrolled in nationally recognised professional development programs during 2016-17.</p> <p>253 MFS regional personnel completed the Regional Career Development Pathway during 2016-17, obtaining nationally recognised units of competency essential to their role.</p> <p>983 full-time and retained MFS personnel completed the First Aid Course (Provide Advanced Resuscitation module) during this period.</p> |
| The MFS is trialling a behavioural performance management process aligned to the new organisational doctrine. | The effectiveness of the new behavioural performance management process will be reviewed on a dynamic basis as the program is implemented on a transitional basis during 2017-18. |

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

| Occupational health, safety and rehabilitation programs | Effectiveness |
|--|---|
| Emergency Services Sector - Employee Assistance Program | Increased usage when compared to the last seven years due to improved communication and promotion (supports our early intervention strategy). |
| Emergency Services Sector - Staff Welfare Checks | Provision of regular confidential face to face counselling of employees to support early intervention. 70% of workforce engaged. |
| Emergency Services Sector – Flu Vaccination Program | 70% of workforce voluntarily participated. |
| Emergency Services Sector – Work Station Ergonomics Program | All new staff have completed. Any adjustments identified are actioned promptly with no injury claims arising. |
| Risk Management: The MFS Work Health Safety and Injury Management (WHS&IM) system is aligned to AS/NZS 4801 (Occupational health and safety management systems – specification with guidelines for use). The system is underpinned by the philosophies and methods set out in AS/NZS/ISO 31 000, (Risk Management – Principles and guidelines) to ensure the MFS achieves its safety and injury management objectives. | WHS&IM system performance is evaluated through audit, review and investigation, the analysis of hazard, incident, near miss (HIRM) and workers compensation (SIMS) data and surveys to ensure effectiveness and ongoing improvement. |
| Injury management: Firefighting remains a physically and mentally demanding occupation; the MFS commits considerable priority and resources to managing employee injuries. | <p>There were four notifiable incidents during 2016-17. However, none of these resulted in the issuing of provisional improvement, improvement or prohibition notices. Consequently, there were no prosecutions or enforceable undertakings required.</p> <p>There was a 35% increase in new claims numbers from the 2015-16 period. Analysis of the claims data shows the increase was directly attributed to the proposed changes to public sector claims management processes. Although claim numbers increased there was a significant reduction (48%) in lost time claims compared with the 2015-16 period.</p> <p>There were significant decreases in all areas except hospital and rehabilitation/return to work costs. Overall claims costs for the period has reduced by 47.49% compared to the 2015-16 period. Presumptive cancer claim expenditure this financial year was \$1 437 844, a 5.78% decrease from last year.</p> |

Fraud detected in the agency

| Category/nature of fraud | Number of instances |
|--------------------------|---------------------|
| Type of fraud | 0 |

Strategies implemented to control and prevent fraud

SAFECOM maintains a governance structure and internal controls that are designed to prevent and minimise the impact of fraud including:

- Fraud, corruption, misconduct and maladministration policy, procedure and control plan in place.
- Financial and human resource policies and procedures.
- An Audit and Risk Committee that reports to the SAFECOM Board.
- Regular financial monitoring and reporting.

Data for the past five years is available at:

https://data.sa.gov.au/data/dataset?_organization_limit=0&organization=south-australian-metropolitan-fire-service

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at:

https://data.sa.gov.au/data/dataset?_organization_limit=0&organization=south-australian-metropolitan-fire-service

Executive employment in the agency

| Executive classification | Number of executives |
|--------------------------|----------------------|
| EXEC0B | 1 |
| EXEC0C | 1 |

Data for the past five years is available at:

https://data.sa.gov.au/data/dataset?_organization_limit=0&organization=south-australian-metropolitan-fire-service

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

| Consultants | Purpose | Value |
|--|---|-----------------|
| All consultancies below \$10,000 each | Purpose (combined) | Nil |
| Consultancies above \$10,000 each | | |
| Mick Doyle | Composite wage system review | \$12,700 |
| GHD | Investigation of sites with firefighting foam use | \$47,921 |
| Total all consultancies | | \$60,621 |

Data for the past five years is available at:

https://data.sa.gov.au/data/dataset?organization_limit=0&organization=south-australian-metropolitan-fire-service

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

South Australian Metropolitan Fire Service Statement of Comprehensive Income

For the year ended 30 June 2017

| | \$'000 |
|---|----------------|
| Expenses | |
| Employee benefits | 121 195 |
| Supplies and services | 13 941 |
| Grants and subsidies | 74 |
| Depreciation and amortisation | 7 522 |
| Total expenses | 142 732 |
| Income | |
| Fees and charges | 4 659 |
| Grants and contributions | 1 106 |
| Net gain/(loss) from disposal of non-current assets | 261 |
| Interest revenues | 56 |
| Other income | 956 |
| Total income | 7 038 |
| Net cost of providing services | 135 694 |
| Revenues from SA Government | |
| Revenues from SA Government | 136 555 |

| | |
|--|----------------|
| Total revenues from SA Government | 136 555 |
| Net result | 961 |
| Total comprehensive result | 961 |

Other financial information

Nil to report

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil

Section B: Reporting required under any other act or regulation

South Australian Fire and Emergency Services Act 2005

South Australian Fire and Emergency Services Act 2005

Section 22 – Annual Reports states that :

- (1) The Commission must, on or before 31 October in each year, provide to the Minister a report on the activities of the emergency services during the preceding financial year.
- (2) The report must –
 - (a) Incorporate the information contained in the annual reports of the emergency service organisations for the relevant financial year; and
 - (b) Include any other financial statements of account required under this Division; and
 - (c) Include any other information that would be required if the Commission were reporting under the Public Sector Act 2009; and
 - (d) Comply with any other requirements prescribed by or under this Act or the regulations.

This report is submitted to the SAFECOM Board pursuant to the South Australian Fire and Emergency Services Act 2005.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

| Public complaints received by South Australian Metropolitan Fire Service | |
|---|----------------------------|
| Category of complaints by subject | Number of instances |
| No category | 0 |
| Please note: An MFS Customer Complaint Handling policy and procedure is soon to be implemented to enable data collection in alignment with Ombudsman SA guidelines. | |

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset? organization limit=0&organization=south-australian-metropolitan-fire-service>

Complaint outcomes

| Nature of complaint or suggestion | Services improved or changes as a result of complaints or consumer suggestions |
|---|---|
| No outcomes as no complaints received / recorded. | Nil response. |

Appendix: Audited financial statements 2016-17

**South Australian Metropolitan Fire
Service**

Financial Statements

For the year ended 30 June 2017

**South Australian Metropolitan Fire Service
Certification of the Financial Statements
for the year ended 30 June 2017**

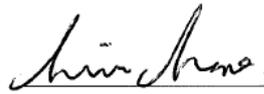
We certify that the attached general purpose financial statements for the South Australian Metropolitan Fire Service:

- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australian Metropolitan Fire Service; and
- present a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2017 and the results of its operations and cash flows for the financial year

We certify that the internal controls employed by the South Australian Metropolitan Fire Service for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Gregory Crossman
Chief Officer
South Australian Metropolitan Fire Service
15 September 2017



Lisa Lew
Business Manager
South Australian Metropolitan Fire Service
15 September 2017

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|------|----------------|----------------|
| Expenses | | | |
| Employee benefits | 5 | 121 195 | 130 918 |
| Supplies and services | 6 | 13 941 | 13 555 |
| Grants and subsidies | | 74 | 185 |
| Depreciation and amortisation | 7 | 7 522 | 7 539 |
| Total expenses | | 142 732 | 152 197 |
| Income | | | |
| Fees and charges | 8 | 4 659 | 4 443 |
| Grants and contributions | 9 | 1 106 | 1 176 |
| Net gain/(loss) from disposal of non-current assets | 10 | 261 | (28) |
| Interest Revenues | 11 | 56 | 82 |
| Other Income | 12 | 956 | 715 |
| Total income | | 7 038 | 6 388 |
| Net cost of providing services | | 135 694 | 145 809 |
| Revenues from SA Government | | | |
| Revenues from SA Government | 13 | 136 655 | 136 444 |
| Total revenues from SA Government | | 136 655 | 136 444 |
| Net result | | 961 | (9 365) |
| Total comprehensive result | | 961 | (9 365) |

The net result and total comprehensive result are attributable to the SA Government as owner

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

South Australian Metropolitan Fire Service
Statement of Financial Position
as at 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|-------------|------------------------------|------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 14 | 3 710 | 2 916 |
| Receivables | 15 | 801 | 942 |
| Non-current assets held for sale | 16 | - | 254 |
| Total current assets | | 4 511 | 4 112 |
| Non-current assets | | | |
| Property, plant and equipment | 17 | 142 970 | 141 818 |
| Intangible assets | 18 | 220 | 95 |
| Total non-current assets | | 143 190 | 141 913 |
| Total assets | | 147 701 | 146 025 |
| Current liabilities | | | |
| Payables | 20 | 5 091 | 5 338 |
| Employee benefits | 21 | 15 230 | 12 078 |
| Provisions | 22 | 6 451 | 6 020 |
| Total current liabilities | | 26 772 | 23 436 |
| Non-current liabilities | | | |
| Payables | 20 | 2 145 | 1 894 |
| Employee benefits | 21 | 23 080 | 20 294 |
| Provisions | 22 | 5 714 | 11 372 |
| Total non-current liabilities | | 30 939 | 33 560 |
| Total liabilities | | 57 711 | 56 996 |
| Net assets | | 89 990 | 89 029 |
| Equity | | | |
| Asset revaluation surplus | 23 | 98 445 | 98 445 |
| Retained earnings | 23 | (8 455) | (9 416) |
| Total equity | | 89 990 | 89 029 |
| The total equity is attributable to the SA Government as owner | | | |
| Unrecognised contractual commitments | 26 | | |
| Contingent assets and liabilities | 27 | | |

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

South Australian Metropolitan Fire Service
Statement of Changes in Equity
for the year ended 30 June 2017

| | Note | Asset Revaluation Surplus \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|------|---|--------------------------------|-----------------|
| Balance at 30 June 2015 | | 98 445 | (51) | 98,394 |
| Net result for 2015-16 | | - | (9 365) | (9,365) |
| Total comprehensive result for 2015-16 | | - | (9 365) | (9 365) |
| Balance at 30 June 2016 | 23 | 98 445 | (9 416) | 89 029 |
| Net result for 2016-17 | | - | 961 | 961 |
| Gain on revaluation of plant and equipment during 2016-2017 | | - | - | - |
| Total comprehensive result for 2016-17 | | - | 961 | 961 |
| Balance at 30 June 2017 | 23 | 98 445 | (8 455) | 89 990 |

All changes in equity are attributable to the SA Government as owner

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

South Australian Metropolitan Fire Service
Statement of Cash Flows
for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash outflows | | | |
| Employee benefits payments | | (120 794) | (122 673) |
| Supplies and services payments | | (15 786) | (16 116) |
| Payments for paid Parental Leave Scheme | | (30) | (54) |
| Grants and subsidies payments | | (74) | (185) |
| Cash used in operations | | (136 684) | (139 028) |
| Cash inflows | | | |
| Fees and charges | | 5 159 | 4 903 |
| Receipts from grants and contributions | | 1 106 | 1 176 |
| Interest received | | 59 | 88 |
| GST recovered from the Australian Taxation Office | | 1 633 | 1 735 |
| Receipts for paid Parental Leave Scheme | | 34 | 50 |
| Other receipts | | 911 | 682 |
| Cash generated from operations | | 8 902 | 8 634 |
| Cash flows from SA Government | | | |
| Contributions from Community Emergency Services Fund | | 136 603 | 136 443 |
| Other receipts from SA Government | | 52 | 1 |
| Cash generated from SA government | | 136 655 | 136 444 |
| Net cash provided by operating activities | 25 | 8 873 | 6 050 |
| Cash flows from investing activities | | | |
| Cash outflows | | | |
| Purchase of property, plant and equipment | | (8 668) | (9 461) |
| Payments for the disposal of property | | (3) | (33) |
| Cash used in investing activities | | (8 671) | (9 494) |
| Cash inflows | | | |
| Proceeds from the sale of property, plant and equipment | | 592 | 5 |
| Cash generated from investing activities | | 592 | 5 |
| Net cash used in investing activities | | (8 079) | (9 489) |
| Net increase/(decrease) in cash and cash equivalents | | 794 | (3 439) |
| Cash and cash equivalents at the beginning of the period | | 2 916 | 6 355 |
| Cash and cash equivalents at the end of the period | 14 | 3 710 | 2 916 |

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives and funding

Objectives

The South Australian Metropolitan Fire Service (MFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in any fire district
- to provide efficient and responsive services in any fire district for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fires and other emergencies occurring in any fire district
- to develop and maintain plans to cope with the effects of fires or emergencies in any fire district
- to provide services or support to assist with recovery in the event of a fire or other emergency in a fire district
- to perform any other function assigned to MFS by or under this or any other Act.

Funding arrangements

Funding of MFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

MFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as MFS is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying MFS's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.
- 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 are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. MFS has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

- (b) expenses incurred as a result of engaging consultants
- (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
- (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

(c) Reporting entity

Under the Act, MFS is a body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of MFS.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) Taxation

MFS is not subject to income tax. MFS is liable for payroll tax, fringe benefits tax (FBT) and goods and services tax (GST).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(h) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, MFS has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(i) Non-current Assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land and non-current assets held for sale are not depreciated.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

| Class of asset | Useful life (years) |
|--------------------------|----------------------------|
| Buildings | 50 |
| Vehicles | 15 |
| Communications equipment | 10 |
| Plant and equipment | 10 |
| Computer equipment | 5 |
| Intangibles | 5 |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

MFS holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

MFS also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable to be close to or greater than fair value.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting period. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. MFS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because MFS has been unable to attribute this expenditure to the intangible asset rather than to MFS as a whole.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

MFS classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in active market and are derived from unobservable inputs.

In determining fair value, MFS has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (i.e. physically possible, legally permissible, financially feasible).

MFS current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As MFS did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(j) Liabilities

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention liability are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the police and emergency services sector.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(k) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and revised accounting standards and policies

MFS did not voluntarily change any of its accounting policies during 2016-17.

Accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by MFS for the period ending 30 June 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

MFS has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of MFS's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that MFS has received cash but has not yet met the associated performance obligations.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

3 New and revised accounting standards and policies (continued)

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

MFS has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

MFS has not assessed the impact of other new and amended standards and interpretations and therefore is not able to quantify the impact on accounting policies or the financial statements of MFS.

4 Activities of South Australian Metropolitan Fire Service

In achieving its objectives, MFS provides services within three general areas: frontline services, frontline support and governance and public value. These services are classified under one program titled 'South Australian Metropolitan Fire Service'.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

5 Employee benefits expenses

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 85 107 | 81 415 |
| Annual leave | 11 120 | 10 430 |
| Skills and experience retention leave | 881 | 803 |
| Long service leave | 5 807 | 4 448 |
| Employment on-costs - superannuation | 12 432 | 11 972 |
| Payroll tax | 5 703 | 5 386 |
| Workers compensation | (285) | 16 041 |
| Other employment related expenses | 430 | 423 |
| Total employee benefits expenses | 121 195 | 130 918 |

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

| | 2017 | 2016 |
|------------------------|---------------|---------------|
| | Number | Number |
| \$145 000 – \$147 000* | N/A | - |
| \$147 001 – \$157 000 | 37 | 5 |
| \$157 001 – \$167 000 | 14 | 7 |
| \$167 001 – \$177 000 | 10 | 17 |
| \$177 001 – \$187 000 | 12 | 3 |
| \$187 001 – \$197 000 | 6 | 5 |
| \$197 001 – \$207 000 | 1 | 4 |
| \$237 001 – \$247 000 | 1 | - |
| \$247 001 – \$257 000 | - | 2 |
| \$267 001 – \$277 000 | - | 1 |
| \$297 001 – \$307 000 | 1 | 1 |
| Total | 82 | 45 |

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$13.597 million (2016: \$7.8 million).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

6 Supplies and services

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Accommodation | 178 | 254 |
| Auditor's remuneration | 28 | 28 |
| Communications | 575 | 529 |
| Computing costs | 1 071 | 866 |
| Consultancy, contractors and legal fees | 786 | 843 |
| Consumables | 972 | 908 |
| Energy | 646 | 661 |
| Government radio network | 1 809 | 1 765 |
| Insurance premiums | 315 | 299 |
| Minor plant and equipment | 525 | 559 |
| Operating lease costs | 511 | 537 |
| Operational costs | 168 | 81 |
| Repairs and maintenance | 3 257 | 3 325 |
| Travel and training | 833 | 731 |
| Uniforms and protective clothing | 1 520 | 1 373 |
| Other expenses | 747 | 796 |
| Total supplies and services | 13 941 | 13 555 |

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

The total supplies and services amount disclosed includes GST amounts not recoverable from ATO due to MFS not holding a tax invoice or payments relating to third party arrangements.

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the PFAA were \$28 000 (2016: \$28 000). No other services were provided by the Auditor-General's Department.

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) fell within the following bands:

| | 2017 | 2016 | 2017 | 2016 |
|--|---------------|---------------|---------------|---------------|
| | Number | Number | \$'000 | \$'000 |
| Below \$10 000 | - | 5 | - | 25 |
| Above \$10 000 | 2 | 1 | 61 | 18 |
| Total paid/payable to consultants engaged | 2 | 6 | 61 | 43 |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

7 Depreciation and amortisation expense

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Depreciation | | |
| Buildings | 2 486 | 2 529 |
| Vehicles | 4 428 | 4 513 |
| Computers | 119 | 84 |
| Plant | 259 | 207 |
| Communications | 206 | 182 |
| Total depreciation | 7 498 | 7 515 |
| Amortisation | | |
| Software | 24 | 24 |
| Total amortisation | 24 | 24 |
| Total depreciation and amortisation | 7 522 | 7 539 |

8 Revenues from fees and charges

| | 2017 | 2016 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Fire alarm attendance fees | 2 249 | 1 998 |
| Fire safety fees | 251 | 320 |
| Fire alarm monitoring fees | 2 133 | 2 075 |
| Incident cost recoveries | - | 22 |
| Training and other recoveries | 5 | 5 |
| Salary recoveries | 14 | 23 |
| Other recoveries | 7 | - |
| Total fees and charges | 4 659 | 4 443 |

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

9 Grants and contributions

| | 2017 | 2016 |
|---------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Commonwealth Government | 1 016 | 1,081 |
| State Government | 84 | 82 |
| Private industry and local government | 6 | 13 |
| Total grants and contributions | 1 106 | 1 176 |

Contributions are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Generally, the department has obtained control or the right to receive:

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

Commonwealth grant funding for MFS relates to the cost of providing fire and emergency services to Commonwealth properties other grants relates contributions towards road awareness program.

There is a Memorandum of Understanding in relation to the Commonwealth contribution for the provision of fire and emergency services to Commonwealth properties. Conditions of other funding are based on completion of claim requests of actual expenditure.

10 Net gain (loss) from disposal of non-current assets

| | 2017 | 2016 |
|--|-------------|--------------|
| | \$'000 | \$'000 |
| Land and buildings | | |
| Proceeds from disposal | 592 | - |
| Less: net book value of assets disposed | (317) | - |
| Less costs of disposal | (3) | (33) |
| Net loss from disposal of land and buildings | 272 | (33) |
| Vehicles | | |
| Proceeds from disposal | - | 5 |
| Net gain from disposal of vehicles | - | 5 |
| Communication equipment | | |
| Less net book value of assets disposed | (7) | - |
| Net loss from disposal of communication equipment | (7) | - |
| Plant and equipment | | |
| Less: net book value of assets disposed | (4) | - |
| Net gain/(loss) from disposal of vehicles | (4) | - |
| Total assets | | |
| Total proceeds from disposal | 592 | 5 |
| Less total value of assets disposed | (328) | - |
| Less total costs of disposal | (3) | (33) |
| Total net gain/(loss) from disposal of non-current assets | 261 | (28) |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

11 Interest revenues

| | 2017 | 2016 |
|--------------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| Interest on deposit accounts | 56 | 82 |
| Total interest revenues | 56 | 82 |

12 Other income

| | 2017 | 2016 |
|--------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Rent received | 386 | 389 |
| Insurance recoveries | 44 | 22 |
| Assets received free of charge | - | 20 |
| Other | 526 | 284 |
| Total other income | 956 | 715 |

13 Revenues from SA Government

| | 2017 | 2016 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Revenues from SA Government | | |
| Contributions from Community Emergency Services Fund | 136 603 | 136 443 |
| Other revenues from SA Government | 52 | 1 |
| Total revenues from SA Government | 136 655 | 136 444 |

Contributions from CESF are recognised as revenues when MFS obtains control over the funding. Control over contributions is normally obtained upon receipt.

Revenues from SA Government consist of \$127.706 million (2016: \$128.181 million) for operational funding and \$8.949 million (2016: \$8.263 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer note 5 , 6 , 17 and 18 .

14 Cash and cash equivalents

| | 2017 | 2016 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Cash on hand | 4 | 6 |
| Deposits with the Treasurer | 3 706 | 2 910 |
| Total cash and cash equivalents | 3 710 | 2 916 |

Deposits with the Treasurer

One operating account is held with the Treasurer. This account is interest bearing.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represent fair value.

Cash is measured at nominal amounts.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

15 Receivables

| | 2017 | 2016 |
|------------------------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| Current | | |
| Receivables | 460 | 619 |
| Less: Allowance for doubtful debts | (68) | (77) |
| | <u>392</u> | <u>542</u> |
| Accrued revenues | 51 | 16 |
| GST input tax recoverable | 358 | 384 |
| Total current receivables | <u>801</u> | <u>942</u> |

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

| Movements in the allowance for doubtful debts (impairment loss) | 2017 | 2016 |
|--|---------------------|---------------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | (77) | (32) |
| Amounts written off | 14 | 2 |
| Increase in the allowance | (5) | (47) |
| Carrying amount at the end of the period | <u>(68)</u> | <u>(77)</u> |

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

16 Non-current assets held for sale

| | 2017 | 2016 |
|---|-----------------|-------------------|
| | \$'000 | \$'000 |
| Land held for sale | - | 240 |
| Building held for sale | - | 14 |
| Total non-current assets held for sale | <u>-</u> | <u>254</u> |

Reconciliation of non-current assets held for sale movement

| | | |
|---|-----------------|-------------------|
| Carrying amount at 1 July | 254 | - |
| Disposals | (254) | - |
| Impairment loss | - | - |
| Transfers from property, plant and equipment | - | 254 |
| Total non-current assets held for sale | <u>-</u> | <u>254</u> |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

| 17 Property, plant and equipment | 2017 | 2016 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Land | | |
| At valuation | 48 362 | 46 679 |
| Total land | 48 362 | 46 679 |
| Buildings | | |
| At valuation | 65 883 | 55 390 |
| At cost (deemed fair value) | - | 9 584 |
| Less accumulated depreciation | (8 608) | (6 065) |
| Total buildings | 57 275 | 58 909 |
| Vehicles | | |
| At valuation | 32 077 | 32 077 |
| At cost (deemed fair value) | 11 998 | 8 217 |
| Less accumulated depreciation | (15 527) | (11 100) |
| Total vehicles | 28 548 | 29 194 |
| Communications (Comms.) equipment | | |
| At valuation | 1 646 | 804 |
| At cost (deemed fair value) | 666 | 503 |
| Less accumulated depreciation | (518) | (443) |
| Total communication equipment | 1 794 | 864 |
| Computer equipment | | |
| At valuation | 4 | 4 |
| At cost (deemed fair value) | 593 | 593 |
| Less accumulated depreciation | (215) | (96) |
| Total computer equipment | 382 | 501 |
| Plant and equipment | | |
| At valuation | 651 | 675 |
| At cost (deemed fair value) | 2 310 | 1 572 |
| Less accumulated depreciation | (724) | (485) |
| Total plant and equipment | 2 237 | 1 762 |
| Capital work in progress | | |
| At cost (deemed fair value) | 4 372 | 3 909 |
| Total capital work in progress | 4 372 | 3 909 |
| Total property, plant and equipment | 142 970 | 141 818 |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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17 Property, plant and equipment (continued)

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2017.

Movement reconciliation of property, plant and equipment

2017

| | Land | Buildings | Vehicles | Comms. Equipment | Computer Equipment | Plant & equipment | Work in progress | Total |
|---|---------------|---------------|---------------|------------------|--------------------|-------------------|------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 46 679 | 58 909 | 29 194 | 864 | 501 | 1 762 | 3 909 | 141 818 |
| Transfer between classes | - | - | - | - | - | - | (149) | (149) |
| Acquisitions | 1 746 | - | 2 | - | - | - | 7 125 | 8 873 |
| Transfers to/(from) capital WIP | - | 852 | 3 780 | 1 143 | - | 738 | (6 513) | - |
| Depreciation expense | - | (2 486) | (4 428) | (206) | (119) | (259) | - | (7 498) |
| Disposals | (63) | - | - | (7) | - | (4) | - | (74) |
| Carrying amount at the end of the period | 48 362 | 57 275 | 28 548 | 1 794 | 382 | 2 237 | 4 372 | 142 970 |

2016

| | Land | Buildings | Vehicles | Comms. Equipment | Computer Equipment | Plant & equipment | Work in progress | Total |
|---|---------------|---------------|---------------|------------------|--------------------|-------------------|------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 46 879 | 52 260 | 28 548 | 1 046 | 345 | 1 004 | 10 619 | 140 701 |
| Acquisitions | - | - | - | - | - | - | 8 826 | 8 826 |
| Transfers to/(from) capital WIP | - | 9 192 | 5 139 | - | 240 | 965 | (15 536) | - |
| Transfers to assets held for sale | (200) | (14) | - | - | - | - | - | (214) |
| Assets received free of charge | - | - | 20 | - | - | - | - | 20 |
| Depreciation expense | - | (2 529) | (4 513) | (182) | (84) | (207) | - | (7 515) |
| Carrying amount at the end of the period | 46 679 | 58 909 | 29 194 | 864 | 501 | 1 762 | 3 909 | 141 818 |

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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18 Intangible Assets

| | 2017 | 2016 |
|--------------------------------|------------|-----------|
| | \$'000 | \$'000 |
| Computer software | 577 | 443 |
| Less accumulated amortisation | (357) | (348) |
| Total intangible assets | 220 | 95 |

| | 2017 | 2016 |
|---|------------|-----------|
| | \$'000 | \$'000 |
| Movement reconciliation of intangible assets | | |
| Carrying amount at the beginning of the period | 95 | 119 |
| Transfers from Capital WIP | 149 | - |
| Amortisation expense | (24) | (24) |
| Carrying amount at the end of the period | 220 | 95 |

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

19 Fair value measurement**Fair Value Hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. MFS categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017. MFS had no valuations categorised into level 1.

Fair value measurements at 30 June 2017

| | Level 2 | Level 3 | 2017 |
|--|--------------|----------------|----------------|
| | \$'000 | \$'000 | \$'000 |
| Recurring fair value measurements | | | |
| Land (note 17) | 7 033 | 41 329 | 48 362 |
| Buildings (note 17) | 1 226 | 56 049 | 57 275 |
| Vehicles (note 17) | - | 28 548 | 28 548 |
| Communication equipment (note 17) | - | 1 794 | 1 794 |
| Computer equipment (note 17) | - | 382 | 382 |
| Plant and equipment (note 17) | - | 2 237 | 2 237 |
| Total recurring fair value measurements | 8 259 | 130 339 | 138 598 |
| Total | 8 259 | 130 339 | 138 598 |

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19 Fair value measurement (continued)**Fair value measurements at 30 June 2016**

| | Level 2 | Level 3 | 2016 |
|--|--------------|----------------|----------------|
| | \$'000 | \$'000 | \$'000 |
| Recurring fair value measurements | | | |
| Land (note 17) | 5 350 | 41 329 | 46 679 |
| Buildings (note 17) | 382 | 58 527 | 58 909 |
| Vehicles (note 17) | - | 29 194 | 29 194 |
| Communication equipment (note 17) | - | 864 | 864 |
| Computer equipment (note 17) | - | 501 | 501 |
| Plant and equipment (note 17) | - | 1 762 | 1 762 |
| Total recurring fair value measurements | 5 732 | 132 177 | 137 909 |
| Non-recurring fair value measurements | | | |
| Land held for sale (note 16) | - | 240 | 240 |
| Building held for sale (note 16) | - | 14 | 14 |
| Total non-recurring fair value measurements | - | 254 | 254 |
| Total | 5 732 | 132 431 | 138 163 |

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2017. MFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 17. There were no changes in the valuation techniques during 2017.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurement at 30 June 2017

| | Land | Buildings | Vehicles | Comms. Equip | Computer equip | Plant & equip | Total |
|---|---------------|---------------|---------------|--------------|----------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance at the beginning of the period | 41 329 | 58 527 | 29 194 | 864 | 501 | 1 762 | 132 177 |
| Acquisitions | - | - | 3 782 | 1 143 | - | 738 | 5 663 |
| Depreciation | - | (2 478) | (4 428) | (206) | (119) | (259) | (7 490) |
| Disposals | - | - | - | (7) | - | (4) | (11) |
| Closing balance at the end of the period | 41 329 | 56 049 | 28 548 | 1 794 | 382 | 2 237 | 130 339 |
| Carrying amount at 30 June | 41 329 | 56 049 | 28 548 | 1 794 | 382 | 2 237 | 130 339 |

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19 Fair value measurement (continued)

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

| | Land \$'000 | Buildings \$'000 | Vehicles \$'000 | Comms. equip \$'000 | Computer equip \$'000 | Plant & equip \$'000 | Total \$'000 |
|---|----------------|---------------------|--------------------|---------------------------|-----------------------------|----------------------------|-----------------|
| Opening balance at the beginning of the period | 41 569 | 51 870 | 28 548 | 1 046 | 345 | 1 004 | 124 382 |
| Acquisitions | - | - | - | - | - | - | - |
| Assets reclassified to assets held for sale | (240) | (14) | - | - | - | - | (254) |
| Capitalised subsequent expenditure | - | 9 192 | 5 139 | - | 240 | 965 | 15 536 |
| Assets received free of charge | - | - | 20 | - | - | - | 20 |
| Depreciation | - | (2 521) | (4 513) | (182) | (84) | (207) | (7 507) |
| Closing balance at the end of the period | 41 329 | 58 527 | 29 194 | 864 | 501 | 1 762 | 132 177 |
| Carrying amount at 30 June | 41 329 | 58 527 | 29 194 | 864 | 501 | 1 762 | 132 177 |

20 Payables

| | 2017 \$'000 | 2016 \$'000 |
|------------------------------------|----------------|----------------|
| Current | | |
| Creditors | 1 599 | 1 616 |
| Accrued expenses | 750 | 602 |
| Paid Parental Leave Scheme payable | 4 | - |
| Employment on-costs | 2 738 | 3 120 |
| Total current payables | 5 091 | 5 338 |
| Non-current | | |
| Creditors | 2 | 2 |
| Employment on-costs | 2 143 | 1 892 |
| Total non-current payables | 2 145 | 1 894 |
| Total payables | 7 236 | 7 232 |

Employment on-costs

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. - The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

The actuarial assessment performed by the Department of Treasury and Finance has resulted in the percentage of the proportion of long service leave taken remain unchanged from 40%, and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2016 (10.2%) to 2017 (10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is decrease in the employment on-cost of \$0.021 million and employee benefit expense of \$0.021 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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20 Payables (continued)

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

21 Employee benefits

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Accrued Salaries and Wages | 2 107 | 477 |
| Annual Leave | 9 671 | 8 593 |
| Skills and experience retention leave | 1 269 | 1 045 |
| Long Service Leave | 2 183 | 1 963 |
| Total employee benefits current | 15 230 | 12 078 |
| Non-current | | |
| Long service leave | 23 080 | 20 294 |
| Total employee benefits non-current | 23 080 | 20 294 |
| Total employee benefits | 38 310 | 32 372 |

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2016 (2.0%) to 2017 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in the current financial year is decrease in the long service leave liability of \$1.063 million and employee benefits expense of \$1.063 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.

In 2017, the SAMFS identified an error in the long service leave liability estimate for 30 June 2016. The subsequent correction of this error in 2017 largely explains the increase in the liability.

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22 Provisions

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers compensation | 6 451 | 6 020 |
| Total current provisions | 6 451 | 6 020 |
| Non-current | | |
| Provision for workers compensation | 5 714 | 11 372 |
| Total non-current provisions | 5 714 | 11 372 |
| Total provisions | 12 165 | 17 392 |
| Provision movement | | |
| Carrying amount at the beginning of the period | 17 392 | 9 457 |
| Additional provisions recognised | (293) | 16 036 |
| Reductions arising from payments | (4 934) | (8 101) |
| Carrying amount at the end of the period | 12 165 | 17 392 |

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2017 includes an actuarial assessment of firefighters cancer claims. The actuary has included an estimate for injuries incurred but not reported. The actuarial assessment is sensitive to changes in assumptions and as claim costs are received and assessed, assumptions will be based on more extensive experience.

23 Equity

| | 2017 | 2016 |
|---------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Retained earnings | (8 455) | (9 416) |
| Asset revaluation surplus | 98 445 | 98 445 |
| Total equity | 89 990 | 89 029 |

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

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24 Related party transactions

MFS is a body corporate and an agency of the Crown, established by the Act.

Related parties of MFS include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

MFS had no individually significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between MFS and other SA Government controlled entities are disclosed at note 30 .

Key management personnel

Key management personnel of MFS include the Minister, the members of the SAFECOM Board, the Chief Officer of MFS and the one member of the Executive Team, who have responsibility for the strategic direction and management of the agency.

The compensation detailed below excludes salaries and other benefits the Minister for Emergency Services receives, the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

| | 2017 \$'000 |
|---|-------------------|
| Salaries and other short term employee benefits | 473 |
| Post-employment benefits | <u>72</u> |
| Total related party transaction | <u><u>545</u></u> |

Transactions with key management personnel and other related parties

There are no material transactions or balances to disclose with key management personnel or related parties.

South Australian Metropolitan Fire Service
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25 Cash flow reconciliation

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Reconciliation of cash and cash equivalents at the end of the reporting period | | |
| Cash and cash equivalents disclosed in the Statement of Financial Position | 3 710 | 2 916 |
| Balance as per the Statement of Cash Flows | 3 710 | 2 916 |
| Reconciliation of net cash provided by operating activities to net cost of providing services | | |
| Net cash provided by operating activities | 8 873 | 6 050 |
| Less revenues from SA Government | (136 655) | (136 444) |
| Add/(less) non-cash items | | |
| Depreciation and amortisation | (7 522) | (7 539) |
| Assets received free of charge | - | 20 |
| Net gain/(loss) from disposal of non-current assets | 261 | (28) |
| Movements in assets and liabilities | | |
| (Decrease) / increase in receivables | (141) | (9) |
| (Increase) / decrease in payables | 201 | (610) |
| Decrease / (increase) in employee benefits | (5 938) | 686 |
| (Increase) / decrease in provisions | 5 227 | (7 935) |
| Net cost of providing services | (135 694) | (145 809) |

26 Unrecognised contractual commitments

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

| | 2017 | 2016 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Within one year | 276 | 295 |
| Later than one year but not later than five years | 204 | 209 |
| Total operating lease commitments | 480 | 504 |

These non-cancellable leases relate to vehicle leases.

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26 Unrecognised contractual commitments (continued)

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

| | 2017 | 2016 |
|----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 479 | 2 795 |
| Total capital commitments | 479 | 2 795 |

These capital commitments are for vehicles.

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 544 | 294 |
| Later than one year but not later than five years | 1 060 | 19 |
| Total expenditure commitments | 1 604 | 313 |

Contractual commitments relate to information technology and fire appliance modifications.

27 Contingent assets and liabilities

Contingent assets

MFS is not aware of any contingent assets.

Contingent liabilities

MFS is not aware of any contingent liabilities.

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28 Remuneration of board and committee members

Members of boards and committees during 2017 were:

South Australian Metropolitan Fire Service Disciplinary Committee

- Mr C Bailes (term expired 31/01/2017)
- Mr C Smith * (retired 15/03/2017)
- Mr L Holland (appointed 15/03/2017)
- Mr M Vander-Jeugd *
- Mr P Kilsby * (appointed 15/03/2017)
- Mr S Smithson *

The number of members whose remuneration received/receivable falls within the following bands:

| | 2017 | 2016 |
|---------------|----------------|----------------|
| | No. of | No. of |
| | members | members |
| \$nil | 5 | 3 |
| \$1 - \$9 999 | 1 | 1 |
| | 6 | 4 |

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$5 000 (2016: \$5 369).

*In accordance with the Premier and Cabinet's Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members and MFS are on conditions no more favourable than those that it is reasonable to expect MFS would have adopted if dealing with a related party at arm's length in the same circumstances.

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

29 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

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30 Transactions with SA Government

| | Note | SA Government | | Non-SA Government | | Total | |
|---|------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Expenses | | | | | | | |
| Employee benefits expenses | 5 | 5 691 | 21 949 | 115 504 | 108 969 | 121 195 | 130 918 |
| Supplies and services | 6 | | | | | | |
| Accommodation | | 2 | 243 | 176 | 11 | 178 | 254 |
| Auditor's remuneration | | 28 | 28 | - | - | 28 | 28 |
| Communications | | - | 2 | 575 | 527 | 575 | 529 |
| Computing costs | | 244 | 390 | 827 | 476 | 1 071 | 866 |
| Consultancy, contractors and legal fees | | 75 | 70 | 711 | 773 | 786 | 843 |
| Consumables | | - | 1 | 972 | 907 | 972 | 908 |
| Energy | | - | - | 646 | 661 | 646 | 661 |
| Government radio network | | 1 809 | 1 765 | - | - | 1 809 | 1 765 |
| Insurance premiums | | 315 | 298 | - | 1 | 315 | 299 |
| Minor plant and equipment | | - | - | 525 | 559 | 525 | 559 |
| Operating lease costs | | 461 | 483 | 50 | 54 | 511 | 537 |
| Operational costs | | - | - | 168 | 81 | 168 | 81 |
| Repairs and maintenance | | 1 732 | 1 796 | 1 525 | 1 529 | 3 257 | 3 325 |
| Travel and training | | 249 | 241 | 584 | 490 | 833 | 731 |
| Uniforms and protective clothing | | - | 1 | 1 520 | 1 372 | 1 520 | 1 373 |
| Other expenses | | 259 | 237 | 488 | 559 | 747 | 796 |
| Grants and subsidies | | - | - | 74 | 185 | 74 | 185 |
| Depreciation and amortisation expense | 7 | - | - | 7 522 | 7 539 | 7 522 | 7 539 |
| Total expenses | | 10 865 | 27 504 | 131 867 | 124 693 | 142 732 | 152 197 |
| Income | | | | | | | |
| Revenues from fees and charges | 8 | | | | | | |
| Fire alarm attendance fees | | 457 | 385 | 1 792 | 1 613 | 2 249 | 1 998 |
| Fire safety fees | | 6 | 12 | 245 | 308 | 251 | 320 |
| Fire alarm monitoring fees | | 214 | 214 | 1 919 | 1 861 | 2 133 | 2 075 |
| Incident cost recoveries | | - | 22 | - | - | - | 22 |
| Training and other recoveries | | 5 | 5 | - | - | 5 | 5 |
| Salary recoveries | | 14 | 13 | - | 10 | 14 | 23 |
| Other recoveries | | - | - | 7 | - | 7 | - |
| Grants and contributions | 9 | | | | | | |
| Commonwealth Government | | - | - | 1 016 | 1 081 | 1 016 | 1 081 |
| State Government | | 84 | 82 | - | - | 84 | 82 |
| Private industry and local government | | - | - | 6 | 13 | 6 | 13 |
| Net gain/(loss) from disposal of non-current assets | 10 | 59 | (28) | 202 | - | 261 | (28) |
| Interest revenues | 11 | 56 | 82 | - | - | 56 | 82 |
| Other income | 12 | | | | | | |
| Rent received | | - | - | 386 | 389 | 386 | 389 |
| Insurance recoveries | | 23 | 5 | 21 | 17 | 44 | 22 |
| Assets received free of charge | | - | - | - | 20 | - | 20 |
| Other | | 11 | - | 515 | 284 | 526 | 284 |
| Revenues from SA Government | 13 | 136 655 | 136 444 | - | - | 136 655 | 136 444 |
| Total income | | 137 584 | 137 236 | 6 109 | 5 596 | 143 693 | 142 832 |

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30 Transactions with SA Government (continued)

| | Note | SA Government | | Non-SA Government | | Total | |
|------------------------------------|------|---------------|--------------|-------------------|--------------|--------------|--------------|
| | | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 14 | 3 710 | 2 916 | - | - | 3 710 | 2 916 |
| Receivables | 15 | | | | | | |
| Receivables | | 40 | 45 | 352 | 497 | 392 | 542 |
| Accrued revenues | | 18 | 8 | 33 | 8 | 51 | 16 |
| GST input tax recoverable | | - | - | 358 | 384 | 358 | 384 |
| Total financial assets | | 3 768 | 2 969 | 743 | 889 | 4 511 | 3 858 |
| Financial liabilities | | | | | | | |
| Payables | 20 | | | | | | |
| Accrued expenses | | 271 | 467 | 479 | 135 | 750 | 602 |
| Creditors | | 779 | 357 | 822 | 1 261 | 1 601 | 1 618 |
| Paid Parental Leave Scheme payable | | - | - | 4 | - | 4 | - |
| Employment on-costs | | 2 490 | 2 344 | 2 391 | 2 668 | 4 881 | 5 012 |
| Total financial liabilities | | 3 540 | 3 168 | 3 696 | 4 064 | 7 236 | 7 232 |

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31 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

| | Original budget ¹ 2017 \$'000 | Actual 2017 \$'000 | Variance \$'000 |
|--|---|--------------------------|--------------------|
| Note | | | |
| Statement of Comprehensive Income | | | |
| Expenses | | | |
| Employee benefits | 115 805 | 121 195 | 5 390 |
| Supplies and services | 12 292 | 13 941 | 1 649 |
| Grants and subsidies | - | 74 | 74 |
| Depreciation and amortisation | 8 541 | 7 522 | (1 019) |
| Net gain/(loss) from disposal of non-current assets | - | 261 | 261 |
| Total expenses | 136 638 | 142 993 | 6 355 |
| Income | | | |
| Fees and charges | 4 290 | 4 659 | 369 |
| Grants and contributions | 1 016 | 1 106 | 90 |
| Interest Revenues | 112 | 56 | (56) |
| Other Income | 296 | 956 | 660 |
| Total income | 5 714 | 6 777 | 1 063 |
| Net cost of providing services | 130 924 | 136 216 | 5 292 |
| Revenues from / payments to SA government | | | |
| Revenues from SA government | 136 381 | 136 655 | 274 |
| Total revenues from / payments to SA Government | 136 381 | 136 655 | 274 |
| Total comprehensive result | 5 457 | 439 | (5 018) |

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2016 -17 Budget Paper 4) for capital. These original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets.

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31 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

| | | Original budget ¹ 2017 \$'000 | Actual 2017 \$'000 | Variance \$'000 |
|--------------------------------------|-----|---|--------------------------|--------------------|
| Investing expenditure summary | | | | |
| Total new projects | (a) | 3 400 | 2 697 | (703) |
| Total existing projects | (b) | 2 500 | 1 192 | (1 308) |
| Total annual programs | (c) | 3 799 | 4 983 | 1 184 |
| Total investing expenditure | | 9 699 | 8 872 | (827) |

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2016-17 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

- a) Actual expenditure on new projects was lower than the original budget due to timing variances relating to the construction of new general purpose pumper vehicles.
- b) Actual expenditure on existing projects was lower than the original budget due to timing variances relating to the construction of new aerial firefighting vehicles. Actual expenditure was in line with the revised budget for this project which was revised during the year to \$1.258 million, with the remaining budget carried over to 2017-18.
- c) The original budget for annual programs was revised during the year to \$4.783 million as a result of sale proceeds and reallocation of costs from new and existing projects.

32 Financial risk management/financial instruments

32.1 Financial risk management

Risk management is managed by MFS corporate services section and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The exposure of MFS financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held. There have been no changes in risk exposure since the last reporting period.

32.2 Categorisation of financial instruments

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 .

Refer note 32.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

MFS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2 ,15 and 20).

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32 Financial risk management/financial instruments (continued)

32.3 Liquidity risk

Liquidity risk arises from the possibility that MFS is unable to meet its financial obligations as they fall due. MFS is funded principally from the Fund. MFS works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows.

Table 0 Categorisation and maturity analysis of financial assets and liabilities

| Category of financial asset and financial liability | Notes | 2017 Carrying amount / Fair value \$'000 | Contractual maturities | | | |
|---|-------|---|------------------------|----------------------------|---------------------|--------------------------------|
| | | | Current \$'000 | Within 1 year \$'000 | 1-5 years \$'000 | More than 5 years \$'000 |
| 2017 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 14 | 3 710 | 3 710 | - | - | - |
| Receivables ⁽¹⁾⁽²⁾ | 15 | 511 | 511 | - | - | - |
| Total financial assets | | 4 221 | 4 221 | - | - | - |
| Financial liabilities | | | | | | |
| Payables ⁽¹⁾ | 20 | 2 209 | 2 207 | - | - | 2 |
| Total financial liabilities | | 2 209 | 2 207 | - | - | 2 |

| Category of financial asset and financial liability | Notes | 2016 Carrying amount/Fair value \$'000 | Contractual maturities | | | |
|---|-------|--|------------------------|----------------------------|---------------------|--------------------------------|
| | | | Current \$'000 | Within 1 year \$'000 | 1-5 years \$'000 | More than 5 years \$'000 |
| 2016 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 14 | 2 916 | 2 916 | - | - | - |
| Receivables ⁽¹⁾⁽²⁾ | 15 | 557 | 557 | - | - | - |
| Total financial assets | | 3 473 | 3 473 | - | - | - |
| Financial liabilities | | | | | | |
| Payables ⁽¹⁾ | 20 | 2 086 | 2 084 | - | - | 2 |
| Total financial liabilities | | 2 086 | 2 084 | - | - | 2 |

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

32 Financial risk management/financial instruments (continued)

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32.4 Credit risk

MFS has minimal concentration of credit risk. MFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. MFS does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by MFS.

32.5 Market risk

MFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). MFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

MFS does not trade in foreign currency, enter into transactions for speculative purpose nor for hedging. MFS does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.