



SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE **2018-19 Annual Report**

SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE

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ISSN: 0812-4256

Date presented to SAFECOM Board: 25 September 2019

To:

Hon Corey Wingard MP

Minister for Police, Emergency Services and Correctional Services

Minister for Recreation, Sport and Racing

This annual report will be presented to Parliament to meet the statutory reporting requirements of *South Australian Fire and Emergency Services Act 2005* and 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:

Mr Paul Fletcher

Acting Chief Officer and Chief Executive

Date 24/09/2019

Signature

A handwritten signature in black ink, appearing to be 'P. Fletcher', written over a horizontal line.

From the Chief Executive



It is my pleasure to present the 2018-19 Annual Report for the South Australian Metropolitan Fire Service (MFS). This report represents the collective endeavours of approximately 1 200 people who work tirelessly to protect the South Australian community.

As an organisation, the MFS is responsible for the protection of the South Australian community from the effects of fires, road crashes, dangerous substances and other emergencies. The role of the fire service includes prevention and education, preparedness, response and recovery activities.

The risks to our community continue to change over time. For example the rate of structural fire has continued to drop in metropolitan areas. However, as fires now burn hotter and faster and have greater potential to cause significant damage and loss. Other risks including the risk of road crashes requiring rescue continue to rise as the population of urban areas increases. During 2018-19 the MFS responded to over 4 900 road accidents up from approximately 3 000 a decade ago.

I take this opportunity to acknowledge the support the MFS has received over the past year from our partner emergency service agencies, the South Australian Fire and Emergency Services Commission (SAFECOM), our Minister and the South Australian Government, and the public of South Australia.

The MFS is committed to operational and corporate excellence and will continue to strive to be the best emergency service it can be. Ultimately, this can only be achieved through the efforts of its people.

On behalf of the MFS Senior Management Team, I would like to take this opportunity to acknowledge and thank all members of the MFS for their commitment and dedication to the safety and prosperity of all South Australians.

A handwritten signature in blue ink, appearing to read 'Michael Morgan'. The signature is stylized and fluid.

Michael Morgan AFSM MBA

Chief Officer and Chief Executive

South Australian Metropolitan Fire Service

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Overview: about the agency

Our strategic focus

<p>Our Purpose</p>	<p>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.</p> <p>The MFS is a community-focused organisation that aims to reduce the number of preventable incidents, to protect lives and reduce the economic, social and environmental losses to the community resulting from fires and other emergencies that do occur.</p> <p>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 also protects the State’s manufacturing and retail industries, thereby protecting jobs, skills and technologies that might not be replaced.</p> <p>As an agency, the MFS is responsible to the Minister for Emergency Services and works in collaboration with the South Australian Fire and Emergency Services Commission (SAFECOM), the SA Country Fire Service and the State Emergency Service.</p>
<p>Our Vision</p>	<p>A safer and more prosperous South Australia.</p> <p>Fires and other emergencies have the potential to harm the public and the things they value. We seek to actively reduce the number of preventable emergency incidents that occur and ensure our organisation and communities are better prepared for those emergencies that do happen.</p>
<p>Our Values</p>	<p>Community – We will put the needs of our community first.</p> <p>Safety – We will take all reasonable measures to ensure the safety of the public and our personnel.</p> <p>Professionalism – Our personnel must be experts in what they do, committed to achieving the highest standards.</p> <p>Teamwork – Teamwork is essential in all aspects of emergency service provision.</p> <p>Loyalty, Respect and Integrity – We will act with courage, tenacity and in the best interest of the public.</p> <p>Responsibility, Accountability and Quality – We will take responsibility for our actions and aim to provide the best possible service and value to our community.</p> <p>Learning and Improvement – We will learn from our actions and seek to do things even better in the future.</p>

<p>Our functions, objectives and deliverables</p>	<p>Our Objectives are:</p> <p>COMMUNITY – Help make the South Australian community safer and more prosperous.</p> <p>PREVENTION – Minimise the frequency and effects of fires and other emergencies.</p> <p>RESPONSE – Reduce risk to life, property, environment and economy through operational excellence.</p> <p>PREPAREDNESS – Develop a sustainable community-focused organisation.</p> <p>PUBLIC VALUE – Exceed expected standards of corporate governance and provide public value.</p> <p>To achieve our objectives we have adopted the following strategic priorities:</p> <p>1. Community Focus</p> <ul style="list-style-type: none"> • Deliver first class emergency services that minimise social, economic and environmental loss. • Actively engage with our community and authorising environment to identify risks and priorities. • Ensure we provide the right services in the right places. • Ensure the services we provide are effective, efficient and represent public value. • Allocate our budget on the basis of community risks and priorities and operate within it. <p>2. Frontline Services</p> <p>PREVENTION</p> <ul style="list-style-type: none"> • Promote the adoption of cost-effective fire safety solutions that protect lives and property. • Foster safer behaviours that reduce community loss. • Investigate the causes of fires and use findings to reduce their frequency. • Prioritise programs that protect those in our community who are at greatest risk. <p>RESPONSE</p> <ul style="list-style-type: none"> • Ensure we respond to all emergencies and manage them safely, effectively and efficiently. • Continuously review and improve our operational effectiveness and efficiency. • Advance our emergency and incident management capability. • Ensure we dispatch South Australian emergency resources within agreed industry standards. • Provide direct support to our workforce and community during and after emergencies. • Improve the effectiveness and efficiency of MFS alarm systems.
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3. Frontline Support Services

PREPAREDNESS

- Identify and implement strategies to increase the diversity of firefighter recruits to reflect our contemporary society.
- Develop strategies to ensure a planned, more sustainable and highly skilled workforce that addresses our ageing workforce demographic and 'fitness for duty'.
- Develop and implement a Learning and Development Doctrine that enhances the quality, consistency and interoperability of our educational and assessment methods.
- Ensure effective and efficient procurement, management and use of fit for purpose infrastructure, appliances and equipment.

4. Governance and Public Value

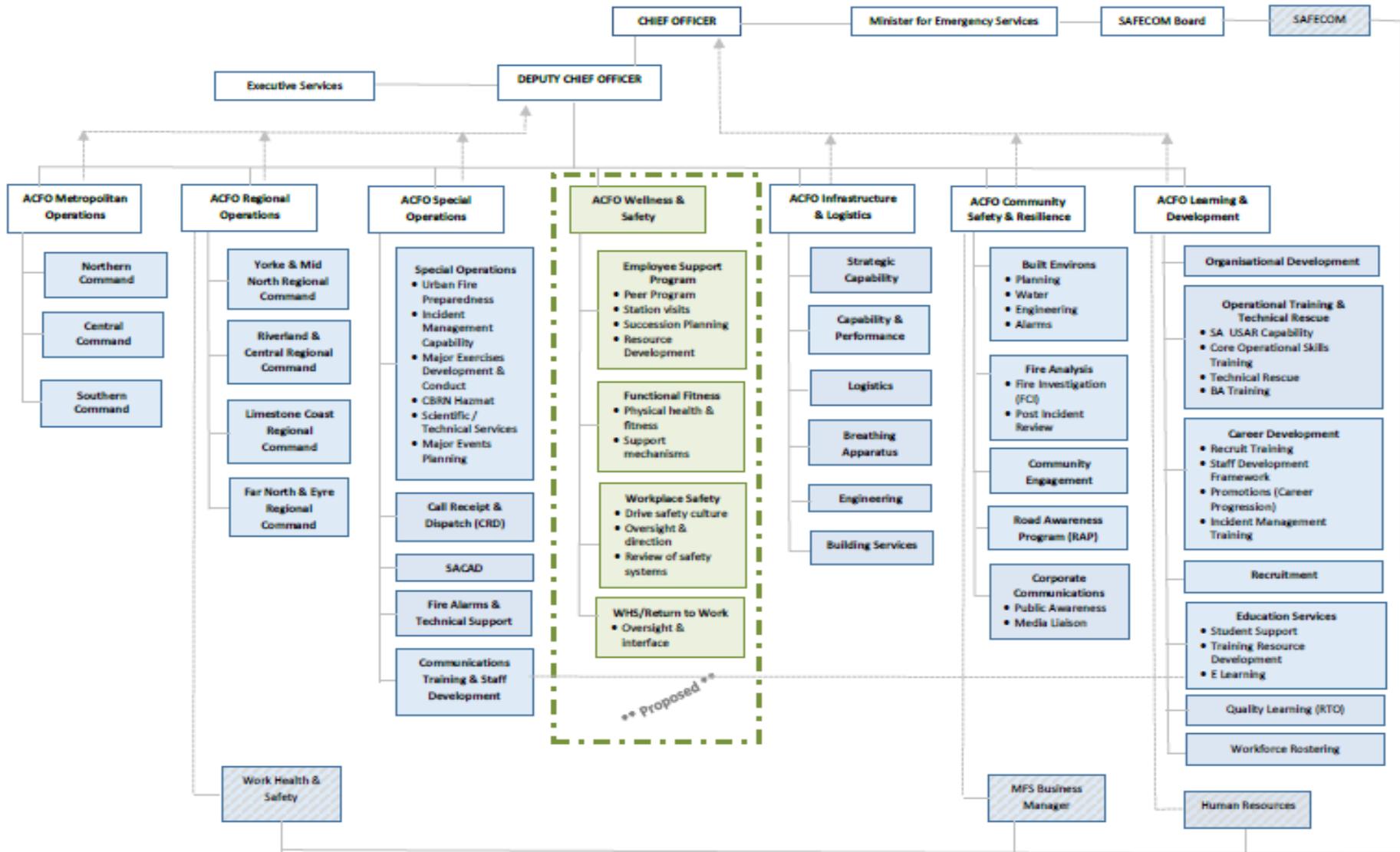
ORGANISATIONAL PERFORMANCE AND VALUE

- Improve the integration and effectiveness of services provided by the emergency services sector to deliver public value.
- Freely provide transparent and accurate information to the public and our workforce.
- Ensure the effective management of MFS functional support services.
- Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders.

PEOPLE AND CULTURE

- Improve the physical, mental and emotional wellness of MFS personnel.
- Develop a professional culture that improves effectiveness, efficiency and public value.
- Develop a sustainable, highly skilled workforce that reflects our community.
- Employ effective Human Resources management systems consistent with the broader SA public sector.

Our organisational structure



(As at 30 June 2018 – Taken from MFS Workforce Plan 2018-19)

Changes to the agency

During 2018-19 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister



The Hon Corey Wingard MP is the Minister for Police, Emergency Services and Correctional Services.

Our Executive team



Mr Michael Morgan

Chief Officer and Chief Executive

- Responsible for the strategic and executive management of business strategy across the MFS.
- Responsible with the ultimate oversight of the command and deployment of operational firefighting resources across the State.
- Drives the vision, discussion, development and delivery of integrated and complex strategy for the MFS.
- Exercises extensive legislative powers and responsibilities conferred by legislation and will determine the appropriate courses of action for the management of incidents consistent with the Chief Officer's role.
- Statutory member of the SAFECOM Board and is responsible for achieving outcomes as described within and in compliance with the Fire and Emergency Services Act 2005 (SA).
- Membership of the Emergency Service Sector (ESS) Executive responsible to the SAFECOM Board for the collaborative management of the ESS.
- Statutory member of the State Emergency Management Committee.
- Accountable for operational outcomes as the State Controller (Fire Functional Service).
- Responsible for ensuring compliance with the Emergency Management Act 2004 and the State Emergency Management Plan, in particular the role of State Controller (Fire).
- Leads and influence new resources and infrastructure to accommodate demographic changes with the State.



Mr Paul Fletcher

Deputy Chief Officer

- Provides strategic, tactical and professional advice to the Chief Officer/Chief Executive and the senior management team on operational matters.
 - Provides leadership and exceptional advice on strategic and executive management business approaches across the MFS.
 - Leads innovation and change in the MFS and including the development and delivery of integrated and complex strategy for the MFS.
- Ensures the protection of persons, property and the environment from fire, chemical incidents and other emergencies by the provision of adequate physical and appropriately trained human resources is achieved.
 - Ensures Enterprise Agreements and/or Industrial Awards reflect MFS strategic direction by providing expert advice to Chief Officer/Chief Executive.
 - Represents the MFS in State wide forums, providing expert leadership and advice in support of MFS's corporate direction and to ensure effective inter-agency performance and operation.
 - Undertakes delegated responsibilities to direct emergency response for incidents that occur throughout the state.
 - Statutory member of the State Emergency Management Committee.

Legislation administered by the agency

Part 3 of the *Fire and Emergency Services Act 2005*.

Other related agencies (within the Minister's area/s of responsibility)

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

The agency's performance

Performance at a glance

- The MFS is responsible for the protection of the South Australian community from the effects of fires, road crash, hazardous materials, rescues and other incidents and deals with the effects of emergencies on a daily basis. The MFS operates from 20 stations throughout greater metropolitan Adelaide and 17 stations in major regional centres.
- Additional resources were allocated in Port Pirie, and an additional shift introduced in Mount Gambier resulting in an enhanced level of service provision to local regional communities.
- Throughout the year, the MFS also actively consulted with personnel from the Emergency Services Sector including the South Australian Fire and Emergency Services Commission (SAFECOM), the South Australian Country Fire Service (CFS) and the South Australian State Emergency Service (SES) to prepare for the establishment of a new MFS station in the Mount Barker district using the Retained model of service, which commenced operation on 1 July 2019. The formation of a new MFS station within Regional Operations involved substantial boundary establishment, to define and enable the MFS gazettal responsibility of the Mount Barker township. These efforts help to address the changing community risk profile of the Mount Barker district, and provide an enhanced level of service.
- In March 2019, the MFS released the findings of an Equal Opportunity Commission (EOC) report that it commissioned into the organisational culture of the service. After commencing discussions with the EOC in 2017, the MFS commissioned the report to gain a current organisational snapshot and identify initiatives to enhance equality, diversity and inclusion. The EOC:
 - Conducted in-depth workshops with 103 current staff members and key external partners.
 - Identified that whilst multiple and significant barriers to diversity were found, the report also identified that many were willing speak up to foster and lead change.
 - Report contains four recommendations that the MFS is working to implement, and a draft diversity and inclusion vision statement shaped from workforce consultation.

The MFS remains committed to progressing diversity and inclusion within the organisation, to enhance culture so that its workforce increasingly reflects the diversity within the community which it serves.

Agency contribution to whole of Government objectives

Key objective	Agency's contribution
More jobs	<p>Preparedness (Learning and Development) – Actively engaging with community forums and marketing the service to members of the community who may not have previously considered firefighting as a profession. Our aim is to increase the gender and cultural diversity among potential firefighter recruit applicants.</p> <p>Trainee program in partnership with the Australian Defence Force for trade certification has highlighted the benefits of apprentices.</p>
Lower costs	<p>Preparedness – Continuous improvement of our responses and incident management capabilities. Our aim is to provide coordinated and robust Emergency Management arrangements by working collaboratively, to enhance the integration of emergency response and ensure we provide the nearest, fastest and most appropriate resources to all emergencies.</p>
Better Services	<p>Public Value – Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders. Our aim is to provide an efficient and accountable government service and enhance customer satisfaction.</p> <p>Preparedness – During a period of significant workforce renewal, our aim is to develop a sustainable, highly skilled workforce that reflects our community. The MFS also invests heavily in programs that support the health and wellbeing of our employees and their families.</p>

Agency specific objectives and performance

To achieve our objectives we have adopted the following strategic priorities:

1. Community Focus

- Deliver first class emergency services that minimise social, economic and environmental loss.
- Actively engage with our community and authorising environment to identify risks and priorities.
- Ensure we provide the right services in the right places.
- Ensure the services we provide are effective, efficient and represent public value.
- Allocate our budget on the basis of community risks and priorities and operate within it.

2. Frontline Services

PREVENTION

- Promote the adoption of cost-effective fire safety solutions that protect lives and property.
- Foster safer behaviours that reduce community loss.
- Investigate the causes of fires and use findings to reduce their frequency.
- Prioritise programs that protect those in our community who are at greatest risk.

RESPONSE

- Ensure we respond to all emergencies and manage them safely, effectively and efficiently.
- Continuously review and improve our operational effectiveness and efficiency.
- Advance our emergency and incident management capability.
- Ensure we dispatch South Australian emergency resources within agreed industry standards.
- Provide direct support to our workforce and community during and after emergencies.
- Improve the effectiveness and efficiency of MFS alarm systems.

3. Frontline Support Services

PREPAREDNESS

- Identify and implement strategies to increase the diversity of firefighter recruits to reflect our contemporary society.
- Develop strategies to ensure a planned, more sustainable and highly skilled workforce that addresses our ageing workforce demographic and 'fitness for duty'.
- Develop and implement a Learning and Development Doctrine that enhances the quality, consistency and interoperability of our educational and assessment methods.
- Ensure effective and efficient procurement, management and use of fit for purpose infrastructure, appliances and equipment.

4. Governance and Public Value

ORGANISATIONAL PERFORMANCE AND VALUE

- Improve the integration and effectiveness of services provided by the emergency services sector to deliver public value.
- Freely provide transparent and accurate information to the public and our workforce.
- Ensure the effective management of MFS functional support services.
- Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders.

PEOPLE AND CULTURE

- Improve the physical, mental and emotional wellness of MFS personnel.
- Develop a professional culture that improves effectiveness, efficiency and public value.
- Develop a sustainable, highly skilled workforce that reflects our community.
- Employ effective Human Resources management systems consistent with the broader SA public sector.

Agency objectives	Indicators	Performance
Frontline Services – Community	Foster behaviours that increase community preparedness. This includes a range of activities such as educational visits, consumer warnings, home fire safety presentations, teachers' resources and information distribution.	<ul style="list-style-type: none"> - 803 educational visits to community groups, including schools. - 83 206 participants in community education programs.
Frontline Services – Prevention	Identify risks associated with fire and other emergencies. The MFS investigated: <ul style="list-style-type: none"> - 136 fires for the MFS. - 61 fires for the CFS. 	<ul style="list-style-type: none"> - Fire cause established in more than 95% of all fires examined. <p>This success rate means that causes are identified and dangerous products are promptly removed from the community.</p>
	Foster behaviours that increase community preparedness. MFS provides the following programs: <ul style="list-style-type: none"> - Road Awareness Program (RAP) - Juvenile Fire Lighters Intervention Program (JFLIP) 	<ul style="list-style-type: none"> - 98.7% of RAP participants indicated that they will adopt safer behaviours post-program. - 3% of participants in JFLIP reoffend. The MFS believes that this program reduces community risk by decreasing the incidence of repeat fire lighting.
	Ensure South Australian environs are safe places to live and work. MFS conducted: <ul style="list-style-type: none"> - 358 education and health facilities inspections and fire safety surveys. - 180 building development proposals assessments. - 73 hazard complaint sites investigations. - 319 fire alarm inspections and connections. - 93% of building development assessments were completed within 20 days. - 222 booster/hydrant tests/commissioning - 189 Building Fire Safety Committee meetings/inspections. 	<p>MFS Built Environs also:</p> <ul style="list-style-type: none"> - Consulted with developers and certifiers on a number of high-profile State Government infrastructure projects which remain ongoing. - Actively engaged with the Department for Planning, Transport & Infrastructure (DPTI) to undertake building inspections (stage 1 & 2) associated with aluminium composite panels (cladding). <p>MFS Built Environs programs help to ensure the safety of the South Australian public buildings. This includes ensuring new developments have required fire safety systems and do not employ high risk products or construction methods.</p>

Frontline Services – Response & Recovery	Ensure the development and delivery of effective emergency management systems.	- 100% of major community events had a current fire protection plan.
	Ensure appropriate response is committed to 100% of all incident types.	- 100% of all incidents had an appropriate response committed.
	Ensure the safe and effective management and control of incidents and emergencies.	- 84% of building and other structure fires were contained part of room or area of origin. - 75% of building fires were contained to the room of origin.
	Ensure the MFS responds to all fires and other emergencies with timely and weighted response. - The total number of incidents generating a response from Metropolitan Operations was 17 942. - The total number of incidents generating a response from Regional Operations was 2 499.	- Average Metropolitan 'out the door time' was 106 seconds, meeting target of less than 120 seconds. - The % of MFS arrivals within 11 mins of a callout in a Regional area: o With a Retained crew was 65%. o For Station 50 Pt Pirie was 96.5%. o For Station 70 Mt Gambier was 70%. (Collective Regional target of 90%.)
	Ensure effective operational call receipt and dispatch. - Total of 32 096 emergency calls were received.	- Average time to answer 000 emergency calls was 4 seconds (within target of 5 seconds). - In 97% of cases, the agreed call response standard was met.
Frontline Support Services – Learning & Development	A highly skilled workforce that can safely undertake roles required of MFS personnel. - 57 new firefighting personnel were successfully recruited.	- 100% of firefighter separations were filled. - 57 Recruits completed Certificate II in Public Safety (Firefighting & Emergency Operations).
	Establish and maintain effective career development systems. - MFS personnel enrolled in a total of 1 743 units of study (1 571 mandatory and 172 voluntary).	- 247 personnel enrolled in nationally recognised training through the MFS Staff Development Framework; 204 mandatory enrolments; and 43 voluntary enrolments.

<p>Frontline Support Services – Infrastructure & Logistics</p>	<p>Ensure the provision of efficient whole of life vehicle and equipment solutions.</p> <p>MFS fleet reserve capability was severely impacted by:</p> <ul style="list-style-type: none"> - The rising fleet age and associated maintenance. - Allocation of two vehicles to Mt Barker and environs. - Increased recruit training demand (six appliances are required to conduct the 15-week course with 24 recruits). - Contamination of appliances by perfluoroalkyl and polyfluoroalkyl substances (PFAS). <p>Fleet Age:</p> <ul style="list-style-type: none"> - 20% of total MFS fleet require replacement within two years (Target of <12%). - 14 General Purpose Pumps requiring replacement within two years (Target of 9). - 2 Aerials requiring replacement within two years (Target of 4). - 2 Specialist vehicles requiring replacement within two years (Target of 1). 	<ul style="list-style-type: none"> - Operational performance was supported by appropriate vehicles and equipment at 100% of incidents. - The maintenance of fleet reserve capability (min of 2 reserve appliances available 100% of the time) was 15% (well below the target of 80%). - Appliances responded to incidents with no report of failure that has impeded their arrival; however due to the age of the appliances and the ongoing cost of maintenance the MFS must be prepared that the risk of future failure is probable.
<p>Frontline Support Services – Governance & Public Value</p>	<p>Develop the leadership and management skills of our personnel.</p> <ul style="list-style-type: none"> - 90% of senior managers hold tertiary qualifications. <p>Ensure sustainable and environmentally friendly practices are employed.</p> <p>The MFS is undertaking a costed feasibility plan to implement the capture and recycling of water at the Adelaide Fire Station complex, with a target nomination capacity of 300 – 500,000 litres per year.</p>	<p>The MFS develops current and future leaders through access to graduate and post-graduate management qualifications. At senior management level, personnel have access to Graduate Certificate, Diploma and Masters programs.</p> <p>The MFS aims to:</p> <ul style="list-style-type: none"> - reduce energy usage; - increase the volume of water reclaimed from fire training activities; and - restrict the volume of contaminated water released during firefighting activities.

	Increase the total of MFS photovoltaic energy generation.	All new MFS stations are built with a minimum of 12kW systems. The MFS now has a total photovoltaic energy capability of 120kW (Target of >105kW).
	Ensure all required organisational plans are developed. The MFS is required to develop key plans for submission to the SAFECOM Board.	The following plans were submitted: - MFS Business Plan - MFS Workforce Plan.
	Ensure effective corporate governance. - 3 SAFECOM Board quarterly reports submitted (Target of 4). - 4 Corporate Governance Committee meetings conducted (Target of 5). - 8 Planning & Resilience Committee meetings conducted (Target of 5). - 11 Finance Committee meetings conducted (Target of 5).	Indicators or fiscal performance: - An unqualified report from the Auditor General. - Compliant with Audit and Verification System for safety and injury management to AS/NZS 4801 2000. - Injury Management: meeting key requirements of the Return to Work Act.

Corporate performance summary

- During 2018-19, the MFS responded to over 20 000 emergency incidents across the state. Of these, 17 942 generated a response from Metropolitan Operations; and 2 499 from Regional Operations.
- Of all building and other structure fires, 84% were contained to part of room or area of origin which was well above the projected target of greater than 60%. Likewise, 75% of all building fires were contained to the room of origin which was also above the projected target of greater than 60%.
- Annual statistics continue to demonstrate a decline in the number of structure fires and an ongoing increase in the number of road crash rescues. Trends of this nature provide an overall picture of the level of risk to the community, and the response types required. This is critical information for the MFS to monitor to enable the effective identification of training requirements and the allocation of resources.
- Within Metropolitan Operations response data to fire and hazmat related incidents was below target reflecting positive signs for prevention activities.
- The MFS continued to ensure effective operational call receipt and dispatch. During 2018-19 a total of 32 096 emergency calls were received. The average

time to answer 000 emergency calls was 4 seconds (within target of 5 seconds). In 97% of cases, the agreed call response standard was met.

Employment opportunity programs

Program name	Performance
<p>Workforce Renewal – Enhance the capacity and efficiency of recruitment and recruit training processes.</p>	<p>Efficiencies have been realised through the introduction of an application fee; and through re-engineering and resequencing the Firefighter Recruitment and Selection Process. Each new Recruit Course takes 75 business days. Graduates receive the nationally recognised Certificate II in Public Safety (Firefighting & Emergency Operations).</p>
<p>Workforce Renewal – Increase the gender and cultural diversity among potential firefighter recruit applicants.</p>	<p>Actively engaging with community forums and marketing the service to members of the community who may not have previously considered firefighting as a profession. This has been achieved through promotional campaigns and activities including public space advertising, radio and digital media advertising and numerous career and pre-application information sessions.</p> <p>During 2018-19, 3 Recruit Courses were completed which resulted in 57 new employees successfully joining the MFS ranks. These employees were drawn from recruitment campaigns in 2016 and 2018 and include representation of over 10% gender or culturally diverse new employees. The MFS will also:</p> <ul style="list-style-type: none"> - Continue to engage in active recruitment campaign strategies to promote the MFS as an inclusive employer of choice. - Continue organisational involvement in the Male Champions of Change Program; and - Maintain and promote White Ribbon Accreditation.
<p>Workforce Renewal – Enhanced MFS capability to train personnel in high-risk settings as firefighters and officers.</p>	<p>The MFS invests heavily in workforce learning and development to ensure new and existing operational personnel can work safely and effectively in high-risk environments.</p> <p>The MFS provides a minimum of eight years competency-based training through the Staff Development Framework and tertiary level qualifications through the Executive Development Program. A new Structural Fire Behaviour Training Facility at Grand Junction Road, Angle Park is currently under development.</p>

Agency performance management and development systems

Performance management and development system	Performance
<p>MFS Organisational Doctrine – Provides broad guidance to personnel concerning how to behave and think in both operational and non-operational settings.</p>	<p>Continued implementation of the MFS organisational doctrine occurred, including alignment with behaviour management, cultural renewal and diversity strategies.</p>
<p>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>	<p>204 personnel were compulsorily enrolled in nationally recognised qualifications through the MFS SDF. In addition, 43 personnel voluntarily enrolled in nationally recognised professional development programs. Collectively, MFS personnel were enrolled in a total of 1 743 units of study.</p>
<p>The draft policy entitled '<i>Managing Behaviour of MFS Employees</i>' will guide the behaviour management of all MFS employees covered by the provisions of Part 3, Division 7 of the <i>South Australian Fire and Emergency Services Act (2005)</i>.</p> <p>The policy is accompanied by a draft '<i>MFS Behavioural Appraisal template</i>', designed as a supportive mechanism for continuous improvement, through the provision of timely feedback and ongoing development of employee behaviours, skills and competencies.</p>	<p>Drafted policy and appraisal template with the United Firefighters Union of SA Inc for comment, prior to promulgation and implementation.</p>
<p>Review and development of operational staff.</p>	<p>Operational personnel also participate in mandatory performance management discussions through less formal but effective post incident review, skills acquisition and reacquisition training on an ongoing basis.</p>
<p>Rollout of Emergency Services Sector Planned Review and Development (PRD) for MFS operational support staff.</p>	<p>MFS staff attended SAFECOM sector training (Managers or Employees sessions). PDR sessions between employees and their line managers have commenced, in compliance with sector policy requirements.</p>

Work health, safety and return to work programs

Program name	Performance
MFS Employee Assistance Program (EAP)	There has been a 25% increase in EAP referrals in the last 12 months, as a result of the roll out of the Mental Health First Aid Training; and continued promotion of the effectiveness of the program in implementing and achieving early intervention strategies for improved resolution of issues.
MFS Station Visits	100% of planned Station Visits by the Employee Support Coordinator and Psychological Consultant was achieved.
MFS Flu Vaccination Program	90% of the workforce voluntarily participated.
MFS Employee Wellness & Safety	The Wellness & Safety Department has been established and continues to develop strategies for the five key areas to assist in reducing workplace injuries and illness; and increasing recovery and the most effective and safe return to work.
MFS Mental Health First Aid Program	MFS has completed delivery of the Mental Health First Aid Training across the metropolitan area and anticipates completing the delivery in the Regional Command by the second quarter of the new financial year.
MFS Hep B Vaccination Program	100% of all the fulltime workforce who are at risk of exposure to Hep B have participated in the program.
PFAS Contamination Program	<p>Blood Testing – Up to the 30 June 2019, 722 MFS staff had had their blood tested. Results ranged from 58.3% of people tested had 0 – 10ng/ml and 41.7% of people tested had 11+ng/ml.</p> <p>Of those 11+ng/ml the following results were identified:</p> <ul style="list-style-type: none"> - 30.7% of people tested had a result of 11 – 30ng/ml. - 7.5% of people tested had a result of 31 – 99ng/ml. - 3.5% of people tested had a result of 100+ng/ml.
	<p>Appliances – 98% of appliances have been tested; 9 of which needed decontaminating which has been completed.</p>
	<p>Stations – 100% of stations have been tested.</p>

Program name	Performance
<p>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.</p>	<p>WHS&IM system performance is evaluated through internal and external audit, review and investigation of incidents, analysis of hazard, incident, near miss (HIRM) reports, and workers compensation (SIMS) data and surveys to ensure effectiveness and ongoing improvement.</p>
<p>Injury Management – Firefighting remains a physically and mentally demanding occupation; the MFS commits considerable priority and resources to managing employee injuries.</p>	<p>There were 4 notifiable incidents during the 2018-19 period with none resulting in the issuing of a provisional improvement, improvement or prohibition notice. Consequently, there were no prosecutions or enforceable undertakings required.</p> <p>There were zero seriously injured worker claims compared to five in the 2017-18 period.</p> <p>The significant injury rate also reduced by 9% (32.58% compared to 35.83 in 2017-18).</p> <p>New worker injury claim numbers reduced by 16%; however, psychological claim numbers increased which the MFS considers to be a positive indicator of the success of the roll out of the Mental Health First Aid Training.</p> <p>Total gross workers compensation expenditure increased by 105% with the major contributing factor being an increase in income payments that were only identified when a significant number of deferred claims were accepted and adjustment to entitlements were completed.</p>

Workplace injury claims	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total new workplace injury claims	118	140	-15.71%
Fatalities	1	3	-66.67%
Seriously injured workers*	0	5	-100.00%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	32.58	35.83	-9.07%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	4	1	+75.00%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0.00%

Return to work costs**	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total gross workers compensation expenditure (\$)	6 714 964	3 267 807	+105.00%
Income support payments – gross (\$)	3 090 732	587 537	+426.00%

**before third party recovery

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-whs-and-return-to-work/resource/aec7c488-944d-477e-9dc2-aaef4e44b55>

Executive employment in the agency

Executive classification	Number of executives
EXEC0B	1
EXEC0C	1

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-executive-employment/resource/fdd65825-b107-4e97-984b-3060dbf35a27>

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2018-19 are attached to this report.

Statement of Comprehensive Income	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Expenses	148 748	188 852	40 374	204 510
Revenues	4 904	6 246	1 342	6 869
Net cost of providing services	143 574	182 606	39 032	197 641
Net Revenue from SA Government	148 508	150 580	2 072	143 014
Net result	4 934	(32 026)	(36 960)	(54 627)
Total Comprehensive Result	4 934	(32 026)	(36 960)	(54 527)

Statement of Financial Position	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Current assets	13 472	4 128	(9 344)	5 106
Non-current assets	141 578	136 840	(4 738)	141 511
Total assets	155 050	140 968	(14 082)	146 617
Current liabilities	29 691	36 642	6 951	34 655
Non-current liabilities	63 696	102 003	38 307	77 696
Total liabilities	93 387	138 645	45 258	112 351
Net assets	61 663	2 323	(59 340)	34 266
Equity	61 663	2 323	(59 340)	34 266

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$ 9 790

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
GHD Pty Ltd	PFAS testing	\$ 309 545
Remediation & Contracting Services	PFAS testing	\$ 420 711
	Total	\$ 730 256

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-consultants/resource/b5e9600e-81b2-47e1-952a-f0ca6a673c33>

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$ 48 534

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Babcock Pty Ltd	Engineering support services	\$ 553 425
Safe Select	Professional services	\$ 159 263
Jeff McDonald	Radio & chargers installation & repairs	\$ 83 821
NEC Australia	Network management services	\$ 24 508
	Total	\$ 821 017

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-contractors/resource/d8bd26b6-ac63-4a2f-8a66-adde91c465d0>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Risk management

Fraud detected in the agency

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

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

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 previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-fraud/resource/e7e46474-7f6b-4562-9de3-759307df4a8c>

Whistle-blowers disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistleblowers Protection Act 1993*:

Nil.

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-whistle-blower/resource/6b7df5a7-ff17-45d8-b002-3937ebcb18c8>

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	3
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	1
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	
Communication	Communication quality	Inadequate, delayed or absent communication with customer	
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	2
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	
		Total	6

Additional Metrics	Total
% complaints resolved within policy timeframes <i>Note: Of the four matters that were not finalised within the policy timeframes it is important to note the following:</i> <ul style="list-style-type: none"> - 1 matter involved engaging an external investigator. - 1 matter was dependent on the promulgation of a revised procedure, following review by an external party. - 1 matter involved seeking external advice. - 1 matter involved an internal investigation by the MFS. 	33.33%

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-complaints/resource/298a27a0-2da1-4314-bb1f-9b3eb213260a>

Service improvements for period

Service improvements that responded to customer complaints or feedback

- | |
|---|
| <ul style="list-style-type: none">- Revised organisational administrative procedure.- Amended current practice in response to feedback from local residents. |
|---|

Appendix: Audited financial statements 2018-19

South Australian Metropolitan Fire Service (MFS)

Financial Statements

For the year ended 30 June 2019

South Australian Metropolitan Fire Service
Certification of the Financial Statements
for the year ended 30 June 2019

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

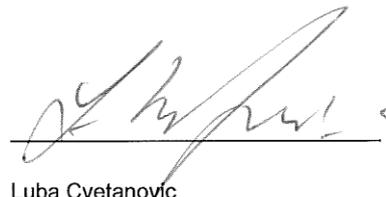
are in accordance with the accounts and records of the South Australian Metropolitan Fire Service

present a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2019 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.



Paul Fletcher
A/Chief Officer
South Australian Metropolitan Fire Service
13 September 2019



Luba Cvetanovic
Business Manager
South Australian Metropolitan Fire Service
13 September 2019

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits	2.3	161 908	180 045
Supplies and services	3.1	19 230	16 766
Grants and subsidies	3.2	401	291
Depreciation and amortisation	3.3	7 313	7 408
Total expenses		188 852	204 510
Income			
Fees and charges	4.2	5 525	5 158
Grants and contributions	4.3	112	97
Net gain from disposal of non-current assets	4.4	6	-
Interest revenues	4.5	49	36
Other income	4.6	554	481
Total income		6 246	5 772
Net cost of providing services		182 606	198 738
Revenues from / (payments to) SA Government			
Revenues from SA Government	4.1	150 580	143 014
Total net revenues from SA Government		150 580	143 014
Net result		(32 026)	(55 724)
Total comprehensive result		(32 026)	(55 724)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

South Australian Metropolitan Fire Service
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	2 915	3 876
Receivables	6.2	1 213	1 230
Total current assets		4 128	5 106
Non-current assets			
Property, plant and equipment	5.1	136 639	141 235
Intangible assets	5.2	201	276
Total non-current assets		136 840	141 511
Total assets		140 968	146 617
Current liabilities			
Payables	7.1	7 766	8 131
Employee benefits	2.4	17 997	16 549
Provisions	7.2	10 879	9 975
Total current liabilities		36 642	34 655
Non-current liabilities			
Payables	7.1	5 039	4 109
Employee benefits	2.4	28 638	23 842
Provisions	7.2	68 326	49 745
Total non-current liabilities		102 003	77 696
Total liabilities		138 645	112 351
Net assets		2 323	34 266
Equity			
Asset revaluation surplus		98 445	98 445
Retained earnings		(96 122)	(64 179)
Total equity		2 323	34 266

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

South Australian Metropolitan Fire Service
Statement of Changes in Equity
for the year ended 30 June 2019

		Asset revaluation surplus	Retained earnings	Total equity
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2017		98 445	(8 455)	89 990
Net result for 2017-18		-	(55 724)	(55 724)
Total comprehensive result for 2017-18		-	(55 724)	(55 724)
Balance at 30 June 2018		98 445	(64 179)	34 266
Adjustments on initial adoption of AASB 9	9.2		83	83
Adjusted balance at 1 July 2018		98 445	(64 096)	34 349
Net result for 2018-19		-	(32 026)	(32 026)
Total comprehensive result for 2018-19		-	(32 026)	(32 026)
Balance at 30 June 2019		98 445	(96 122)	2 323

The accompanying notes form part of these financial statements. All changes in equity is attributable to the SA Government as owner.

South Australian Metropolitan Fire Service
Statement of Cash Flows
for the year ended 30 June 2019

		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(134 153)	(127 608)
Supplies and services payments		(22 706)	(16 086)
Payments for paid Parental Leave Scheme		(49)	(19)
Grants and subsidies payments		(377)	(291)
Cash used in operations		(157 285)	(144 004)
Cash inflows			
Fees and charges		6 280	5 399
Receipts from grants and contributions		88	97
Interest received		49	36
GST recovered from the Australian Taxation Office		1 239	948
Receipts for paid Parental Leave Scheme		49	15
Other receipts		659	418
Cash generated from operations		8 364	6 913
Cash flows from SA Government			
Contributions from Community Emergency Services Fund		148 348	139 225
Other receipts from SA Government		2 232	3 789
Cash generated from SA government		150 580	143 014
Net cash provided by / (used in) operating activities	8.1	1 659	5 923
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(2 637)	(5 757)
Cash used in investing activities		(2 637)	(5 757)
Cash inflows			
Proceeds from the sale of property, plant and equipment		17	-
Cash generated from investing activities		17	-
Net cash provided by / (used in) investing activities		(2 620)	(5 757)
Net increase / (decrease) in cash and cash equivalents		(961)	166
Cash and cash equivalents at the beginning of the reporting period		3 876	3 710
Cash and cash equivalents at the end of the reporting period	6.1	2 915	3 876

The accompanying notes form part of these financial statements.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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South Australian Metropolitan Fire Service

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the South Australian Metropolitan Fire Service

Under the Fire and Emergency Services Act 2005 (the Act), the South Australian Metropolitan Fire Service (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.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

section 23 of the Public Finance and Audit Act 1987;

Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the Public Finance and Audit Act 1987; and

Relevant Australian Accounting Standards

For the 2018-19 financial statements MFS adopted AASB 9 – Financial Instruments and is required to comply with new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting 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.

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, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle 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.

The South Australian Metropolitan Fire Service (MFS) has applied Australian Accounting Standards that are applicable to not-for-profit entities as MFS is a not-for-profit entity. 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 2019.

1.2. Objectives and programs

Objectives

The 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

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

Programs

In achieving its objectives, MFS provides services within three general areas: frontline services, frontline services 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 2019

1.3. Budget performance

The budget performance table compares MFS outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits	123 804	161 908	38 104
Supplies and services	16 133	19 230	3 097
Grants and subsidies	-	401	401
Depreciation and amortisation	8 541	7 313	(1 228)
Total expenses	148 478	188 852	40 374
Income			
Fees and charges	4 480	5 525	1 045
Grants and contributions	-	112	112
Net gain from disposal of non-current assets	-	6	6
Interest Revenues	112	49	(63)
Other Income	312	554	242
Total income	4 904	6 246	1 342
Net cost of providing services	143 574	182 606	39 032
Revenues from / (payments to) SA government			
Revenues from SA government	148 508	150 580	2 072
Total net revenues from SA Government	148 508	150 580	2 072
Total comprehensive result	4 934	(32 026)	(36 960)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- a The employee benefits expense was higher than the original budget primarily due to increases in the workers compensation provision and long service leave provision not budgeted for.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Budget performance (continued)

		Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Investing expenditure summary	Note	\$'000	\$'000	\$'000
Total new projects		-	272	272
Total existing projects	b	2 562	762	(1 800)
Total annual programs	c	7 141	1 603	(5 538)
Total investing expenditure		9 703	2 637	(7066)

- b Actual expenditure was lower than the original budget due to timing variances relating to the construction of new structural firefighting training property. The original budget includes a DTF approved \$2.4 million carry over from 2017-18. The expenditure was delayed in 2018-19.
- c Annual program expenditure was lower than budget due to delays in various capital upgrades.

1.4. Significant transactions with government related entities

Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition:

- Contributions received from the Community Emergency Services Fund (refer note 4.1).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of MFS include the Minister, the Chief Officer and the Deputy Chief Officer of MFS, who have responsibility for the strategic direction and management of the agency.

The compensation detailed below excludes salaries and other benefits received by:

- The Minister for Emergency Services. 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*.

	2019	2018
	\$'000	\$'000
Salaries and other short term employee benefits	463	477
Post-employment benefits	62	78
Total related party transaction	525	555

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

2.2. Remuneration of board and committee members

Members of boards and committees during 2019 were:

South Australian Metropolitan Fire Service Disciplinary Committee

L D P Holland

P L Kilsby*

S J Smithson*

J L Virgo* (appointed 29 November 2018)

M Vander-Jeugd * (term expired 28 November 2018)

- * 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.

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

	2019	2018
\$nil	4	3
\$1 - \$19 999	1	1
	5	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 FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$5 512 (2018: \$7 060).

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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	94 955	89 628
Workers' compensation	23 421	39 713
Employment on-costs - superannuation	14 311	15 385
Annual leave	12 586	11 438
Long service leave	7 321	4 417
Payroll Tax	6 416	5 999
Skills and experience retention leave	1 272	864
Additional compensation	1 245	12 187
Board fees	5	6
Other employment related expenses	376	408
Total employee benefits expenses	161 908	180 045

Employment on-costs – superannuation

The superannuation employment on-cost charge represents MFS's contributions to superannuation plans in respect of current services of current employees.

Remuneration of employees

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

	2019	2018
	Number	Number
\$149 000 to \$151 000*	N/A	17
\$151 001 to \$171 000	117	82
\$171 001 to \$191 000	30	15
\$191 001 to \$211 000	4	-
\$211 001 to \$231 000	2	-
\$231 001 to \$251 000	1	-
\$251 001 to \$271 000	-	1
\$291 001 to \$311 000	1	1
Total	155	116

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2017-18.

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 \$25.81 million (2018: \$18.80 million).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Annual leave	10 939	9 999
Accrued salaries and wages	2 656	2 442
Long service leave	2 777	2 836
Skills and experience retention leave	1 625	1 272
Total current employee benefits	17 997	16 549
Non-current		
Long service leave	28 638	23 842
Total non-current employee benefits	28 638	23 842
Total employee benefits	46 635	40 391

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 (SERL) 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 SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid

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 project unit credit methods. Details about the measurement of long service leave liability is provided as note 11.1.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Property costs	3 170	3 261
Vehicles	2 517	2 065
Government radio network	2 304	1 979
Uniforms and protective clothing	2 039	2 078
Consultancy, contractors and legal fees	1 902	935
Computing costs	1 767	1 383
Operational costs	1 315	1 103
Travel and training	1 053	929
Communications	804	714
Operating lease costs	557	591
Insurance premiums	226	311
Shared Services SA payments	7	10
Other expenses	1 569	1 407
Total supplies and services	19 230	16 766

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.

Operating leases

Operating lease payments (less any lease incentives) are recognised as an expense on a straight-line basis over the lease term.

Other

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the *Public Finance and Audit Act* were \$29 000 (2018: \$29 000). These costs are recognised in 'Other expenses' above. 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:

	2019	2019	2018	2018
	Number	\$'000	Number	\$'000
Below \$10 000	3	10	3	9
\$10 000 or above	2	730	1	18
Total	5	740	4	27

3.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Recurrent grant	401	291
Total grants and subsidies	401	291

South Australian Metropolitan Fire Service
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for the year ended 30 June 2019

3.3. Depreciation and amortisation

	2019 \$'000	2018 \$'000
Depreciation		
Vehicles	4 017	4 139
Buildings	2 493	2 488
Plant	314	311
Communications	288	291
Computers	126	125
Total depreciation	7 238	7 354
Amortisation		
Software	75	54
Total amortisation	75	54
Total depreciation and amortisation	7 313	7 408

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.

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

Review of Accounting Estimates

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.

Useful life

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

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

South Australian Metropolitan Fire Service
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4. Income**4.1. Revenues from SA Government**

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	148 348	139 225
Commonwealth grants received via Treasury and Finance	1 136	1 097
Other revenues from SA Government	1 096	2 692
Total revenues from SA Government	150 580	143 014
Net revenues from SA Government	150 580	143 014

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 \$143.14 million (2018: \$137.36 million) for operational funding and \$7.44 million (2018: \$5.65 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer note 2.3, 3.1, 3.2 and 5.1.

4.2. Revenues from fees and charges

	2019	2018
	\$'000	\$'000
Fire alarm attendance fees	2 131	2 234
Fire alarm monitoring fees	2 276	2 191
Rent of premises	419	398
Fire safety fees	343	311
Incident cost recoveries	356	22
Other recoveries	-	2
Total revenues from fees and charges	5 525	5 158

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.

4.3. Grants and contributions

	2019	2018
	\$'000	\$'000
State Government	112	91
Private industry and local government	-	6
Total grants and contributions	112	97

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

Commonwealth grant funding for MFS relates to the cost of providing fire and emergency services to Commonwealth Properties. There is a Memorandum of Understanding in relation to these Commonwealth contributions. All contributions received from the Commonwealth are contributions with unconditional stipulations.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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4.4. Net gain / (loss) from disposal of non-current assets

	2019	2018
	\$'000	\$'000
Vehicles		
Proceeds from disposal	17	-
Less carrying amount of assets disposed	-	-
Net gain / (loss) from disposal of vehicles	<u>17</u>	<u>-</u>
Plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(11)	-
Net gain / (loss) from disposal of plant and equipment	<u>(11)</u>	<u>-</u>
Total assets		
Total proceeds from disposal	17	-
Less total carrying amount of assets disposed	(11)	-
Total net gain / (loss) from disposal of non-current assets	<u><u>6</u></u>	<u><u>-</u></u>

Gains/losses on disposal are recognised at the date which control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

4.5. Interest revenues

	2019	2018
	\$'000	\$'000
Interest on deposit accounts	49	36
Total interest revenues	<u><u>49</u></u>	<u><u>36</u></u>

4.6. Other income

	2019	2018
	\$'000	\$'000
Insurance recoveries	19	16
Donations	10	-
Salary recoveries	9	63
Sundry revenues	474	316
Other	42	86
Total other income	<u><u>554</u></u>	<u><u>481</u></u>

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5. Non-financial assets**5.1. Property, plant and equipment**

	2019 \$'000	2018 \$'000
Land		
Land at fair value	48 385	48 385
Total land	<u>48 385</u>	<u>48 385</u>
Buildings		
Buildings at fair value	68 030	67 597
Accumulated depreciation	(13 532)	(11 039)
Total buildings	<u>54 498</u>	<u>56 558</u>
Vehicles		
Vehicles at fair value	49 714	48 517
Accumulated depreciation	(23 686)	(19 669)
Total vehicles	<u>26 028</u>	<u>28 848</u>
Communications (Comms.) equipment		
Communications equipment at fair value	2 793	2 745
Accumulated depreciation	(1 097)	(809)
Total communication equipment	<u>1 696</u>	<u>1 936</u>
Computer equipment		
Computer equipment at fair value	633	633
Accumulated depreciation	(466)	(340)
Total computer equipment	<u>167</u>	<u>293</u>
Plant and equipment		
Plant and equipment at valuation	3 638	3 272
Accumulated depreciation	(1 340)	(1 034)
Total plant and equipment	<u>2 298</u>	<u>2 238</u>
Capital work in progress		
Capital work in progress at cost (deemed fair value)	3 567	2 977
Total capital work in progress	<u>3 567</u>	<u>2 977</u>
Total property, plant and equipment	<u><u>136 639</u></u>	<u><u>141 235</u></u>

Acquisition and recognition

Property, plant and equipment is recorded at fair value. Detail about the MFS' approach to fair value is set out in note 11.2.

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

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

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Comms. Equipment	Computer Equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	48 385	56 558	28 848	1 936	293	2 238	2 977	141 235
Acquisitions	-	-	10	-	-	-	2 627	2 637
Transfers from capital WIP	-	433	1 187	48	-	385	(2 053)	-
Depreciation	-	(2 493)	(4 017)	(288)	(126)	(314)	-	(7 238)
Disposals	-	-	-	-	-	(11)	-	(11)
Other	-	-	-	-	-	-	16	16
Carrying amount at 30 June 2019	48 385	54 498	26 028	1 696	167	2 298	3 567	136 639

	Land	Buildings	Vehicles	Comms. Equipment	Computer Equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	48 362	57 275	28 548	1 794	382	2 237	4 372	142 970
Acquisitions	-	-	-	-	-	-	5 757	5 757
Transfers from capital WIP	-	1 771	4 439	433	36	312	(7 101)	(110)
Depreciation	-	(2 488)	(4 139)	(291)	(125)	(311)	-	(7 354)
Capital WIP - expensed in current period	-	-	-	-	-	-	(51)	(51)
Other	23	-	-	-	-	-	-	23
Carrying amount at 30 June 2018	48 385	56 558	28 848	1 936	293	2 238	2 977	141 235

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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5.2. Intangible assets

	2019	2018
	\$'000	\$'000
Software		
Computer software	449	687
Accumulated amortisation	(248)	(411)
Total software	<u>201</u>	<u>276</u>
Total intangible assets	<u><u>201</u></u>	<u><u>276</u></u>

Intangible assets are initially 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 acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Reconciliation 2018-19	Computer Software
	\$'000
Carrying amount at 1 July 2018	276
Amortisation	(75)
Carrying amount at 30 June 2019	<u>201</u>

Reconciliation 2017-18	Computer Software
	\$'000
Carrying amount at 1 July 2017	220
Transfers from capital WIP	110
Amortisation	(54)
Carrying amount at 30 June 2018	<u>276</u>

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash on hand	6	5
Deposits with the Treasurer	2 909	3 871
Total cash and cash equivalents	<u>2 915</u>	<u>3 876</u>

Cash is measured at nominal amounts.

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.

South Australian Metropolitan Fire Service
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6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Receivables	569	589
Less allowance for doubtful debts	(8)	(91)
Prepayments	146	129
Accrued revenues	123	56
GST input tax recoverable	383	547
Total current receivables	1 213	1 230
Total receivables	1 213	1 230

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance 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.

Refer to note 11.3 for further information on risk management.

Impairment of receivables	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	91	-
Adjustments on initial adoption of AASB 9	(83)	-
Carrying amount at the beginning of the period	8	68
Increase/(decrease) in the allowance	1	74
Amounts written off	(1)	(10)
Amounts recovered during the year	-	(41)
Carrying amount at the end of the period	8	91

Refer to note 11.310.3 for details regarding credit risk and the methodology for determining impairment.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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7. Liabilities

Employee benefits are disclosed in note 2.4

7.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors	1 142	1 190
Accrued expenses	2 859	3 411
Employment on-costs	3 765	3 530
Total current payables	7 766	8 131
Non-current		
Creditors	2	2
Employment on-costs	5 037	4 107
Total non-current payables	5 039	4 109
Total payables	12 805	12 240

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax, workers' compensation levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

MFS 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF) has resulted in the percentage of the proportion of long service leave taken as leave has changed from the 2018 rate 86% to 89% and the average factor for the calculation of employer superannuation cost on-cost is 13.5% (2018: 13.5%). These rates are used in the employment on-cost calculation.

The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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7.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Provision for workers' compensation	10 430	9 601
Additional compensation	449	374
Total current provisions	<u>10 879</u>	<u>9 975</u>
Non-current		
Provision for workers' compensation	55 822	37 932
Additional compensation	12 504	11 813
Total non-current provisions	<u>68 326</u>	<u>49 745</u>
Total provisions	<u><u>79 205</u></u>	<u><u>59 720</u></u>

Movement In Provisions

	2019	2018
	\$'000	\$'000
Workers' compensation:		
Carrying amount at the beginning of the period	47 533	12 165
Additional provisions recognised	23 421	39 682
Reductions arising from payments	(4 702)	(4 314)
Carrying amount at the end of the period	<u>66 252</u>	<u>47 533</u>
Additional compensation:		
Carrying amount at the beginning of the period	12 187	-
Additional provisions recognised	1 244	12 187
Reductions arising from payments	(478)	-
Carrying amount at the end of the period	<u>12 953</u>	<u>12 187</u>

Workers' Compensation

MFS is responsible for the payment of workers' compensation claims.

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 2019 provided by a consulting actuary engaged through the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

The actual assessment is sensitive to changes in assumptions and as claim costs are received and assessed, assumptions will be based on more extensive experience.

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 2019 includes an actuarial assessment of firefighter cancer claims.

The increase in the workers' compensation liability in 2019 was impacted by an increase in the:

- number of known seriously injured firefighter cancer claims
- allowance of incurred but not yet reported firefighter cancer claims estimated by the actuary.

There is a significant degree of uncertainty associated with estimating future claim and expense payments.

South Australian Metropolitan Fire Service
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7.2. Provisions (continued)

Additional Compensation for Certain Work-Related Injuries or Illnesses (Additional Compensation provision)

The Additional Compensation provision provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

The Additional Compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged by the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard *AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported (IBNR) applications. No risk margin is included in the estimate.

Key assumptions in the estimate include:

- application frequency
- the probability of applications becoming successful claims
- projections of annual claim payments
- rates of benefit continuance
- retirement age and mortality rates.

There is a significant degree of uncertainty associated with this estimate. In addition to the general uncertainties associated with estimating future claim and expense payments, the Additional Compensation provision is impacted by the absence of claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria.

Given these uncertainties, the actual cost of Additional Compensation claims may differ materially from the estimate. The assumptions used will continue to be refined to reflect emerging experience.

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Notes to and forming part of the financial statements
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8. Other disclosures

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.

8.1. Cash flow reconciliation

	2019	2018
	\$'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	2 915	3 876
Balance as per the Statement of Cash Flows	2 915	3 876
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	1 659	5 923
Less revenues from SA Government	(150 580)	(143 014)
Add / (less) non-cash items		
Depreciation and amortisation	(7 313)	(7 408)
Adjustments on initial adoption of AASB 9	(83)	-
Assets acquired at no cost	-	23
Capital work-in-progress expensed	-	(51)
Net gain/(loss) from disposal of non-current assets	6	-
Movement in assets and liabilities		
Increase/(decrease)in receivables	(17)	429
(Increase)/decrease in payables	(549)	(5 004)
(Increase)/decrease in employee benefits	(6 244)	(2 081)
(Increase)/decrease in provisions	(19 485)	(47 555)
Net cost of providing services	(182 606)	(198 738)

South Australian Metropolitan Fire Service
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9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statement)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2. AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, MFS adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, AASB 9 *Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

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9.2. AASB 9 Financial Instruments (continued)

The total impact on MFS retained earnings as at 1 July 2018 is as follows:

	2018
	\$'000
Closing retained earnings 30 June 2018 – AASB 139	(64 179)
Adjustment to retained earnings from adoption of AASB 9	83
Opening retained earnings 1 July 2018 – AASB 9	(64 096)

On 1 July 2018, MFS has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, MFS financial instruments were as follows, with any reclassifications noted.

	Measurement category AASB 139	Measurement category AASB 9	AASB 139 at 30 June 2018 \$'000	Carrying amount re- measurement \$'000	AASB 9 at 1 July 2018 \$'000
<u>Current financial assets</u>					
Receivables	Loans and receivables	Amortised cost	511	83	594
<u>Current financial liabilities</u>					
Payables	Amortised cost	Amortised cost	4 574	-	4 574

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of MFS are subject to AASB 9's new expected credit loss model:

- receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. MFS has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in a decrease of the loss allowance on 1 July 2018 of \$83 000 for trade receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

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10. Outlook

10.1. Unrecognised contractual commitments

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

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	522	337
Later than one year but not later than five years	637	372
Later than five years	700	-
Total operating lease commitments	1 859	709

These non-cancellable leases relate to vehicle leases and the Mt Barker Fire Station lease.

Capital commitments

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

	2019	2018
	\$'000	\$'000
Within one year	2 476	-
Total capital commitments	2 476	-

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:

	2019	2018
	\$'000	\$'000
Within one year	1 619	853
Later than one year but not later than five years	600	979
Total expenditure commitments	2 219	1 832

Contractual commitments relate to information technology and fire appliance modifications.

10.2. Contingent assets and liabilities

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.

MFS is not aware of any contingent assets or liabilities.

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10.3. Impact of standards and statements not yet effective

MFS has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities

MFS will adopt AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – Revenue from Contracts replaces AASB 111 – Construction Contracts and AASB 118 – Revenue.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 will not have an impact on the timing of recognition of revenue by MFS.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out requirements for on-going application. These requirements include that MFS will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

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10.3. Impact of standards and statements not yet effective (continued)

AASB 16 – Leases

MFS will adopt *AASB 16 – Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact on 2019-20 financial statements

MFS has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the Treasurer's Instructions (Accounting Policy Statements).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. MFS has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by MFS prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

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10.3. Impact of standards and statements not yet effective (continued)

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<u>Assets</u>	
Right-of-use assets	1 399
<u>Liabilities</u>	
Lease liabilities	1 399
Net impact on equity	-

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	296
Supplies and services	(313)
Borrowing costs	29
Net impact on net cost of providing services	12

The amounts disclosed are current estimates only. MFS is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that MFS must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that MFS will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

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10.3. Impact of standards and statements not yet effective (continued)

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that MFS will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable MFS to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2019 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2019.

Note disclosure is made about events between 30 June 2019 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2019 and which may have a material impact on the results of subsequent years.

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

11. Measurement and risk

11.1. Long service leave

AASB 119 *Employee Benefits* 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 and is based on actuarial assumptions on 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.

AASB 119 *Employee Benefits* 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 decreased from 2018 (2.75%) to 2019 (1.25%).

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

The net financial effect of the changes in the current financial year is not material. 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 DTF left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The unconditional portion of the long service leave provision is classified as current as MFS does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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11.2. Fair value

AASB 13 *Fair Value Measurement* 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.

Initial Recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by MFS each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 Million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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.

Fair value hierarchy

MFS classifies the 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.

MFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2019 and 2018, MFS had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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11.2. Fair value (continued)

Fair value classification - non-financial assets at 30 June 2019

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	5 310	43 075	48 385
Buildings	5.1	3 042	51 456	54 498
Vehicles	5.1	-	26 028	26 028
Communication equipment	5.1	-	1 696	1 696
Computer equipment	5.1	-	167	167
Plant and equipment	5.1	-	2 298	2 298
Total recurring fair value measurements		8 352	124 720	133 072
Total fair value measurements		8 352	124 720	133 072

Fair value classification - non-financial assets at 30 June 2018

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	5 310	43 075	48 385
Buildings	5.1	2 887	53 671	56 558
Vehicles	5.1	-	28 848	28 848
Communication equipment	5.1	-	1 936	1 936
Computer equipment	5.1	-	293	293
Plant and equipment	5.1	-	2 238	2 238
Total recurring fair value measurements		8 197	130 061	138 258
Total fair value measurements		8 197	130 061	138 258

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11.2. Fair value (continued)

Land and buildings

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pacific as at 1 January 2014.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, adjustments were applied to reflect the restriction.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

Reconciliation of level 3 recurring fair value measurement at 30 June 2019

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

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	43 075	53 671	28 848	1 936	293	2 238	130 061
Acquisitions	-	-	10	-	-	-	10
Capitalised asset transfers	-	196	1 187	48	-	385	1 816
Disposals	-	-	-	-	-	(11)	(11)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(2 411)	(4 017)	(288)	(126)	(314)	(7 156)
Total gains/(losses) recognised in net result	-	(2 411)	(4 017)	(288)	(126)	(314)	(7 156)
Carrying amount at the end of the period	43 075	51 456	26 028	1 696	167	2 298	124 720

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11.2. Fair value (continued)

Reconciliation of level 3 recurring fair value measurement at 30 June 2018

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

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	43 052	56 049	28 548	1 794	382	2 237	132 062
Acquisitions	-	-	-	-	-	-	-
Other	23	-	-	-	-	-	23
Capitalised asset transfers	-	85	4 439	433	36	312	5 305
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(2 463)	(4 139)	(291)	(125)	(311)	(7 329)
Total gains/(losses) recognised in net result	-	(2 463)	(4 139)	(291)	(125)	(311)	(7 329)
Carrying amount at the end of the period	43 075	53 671	28 848	1 936	293	2 238	130 061

11.3. Financial instruments

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.

Liquidity risk

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 meet the expected cash flows.

Refer to note 7.1 for further information.

Credit risk

MFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements related to financial assets held by MFS.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. MFS uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, MFS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on MFS' historical experience and informed credit assessment, including forward-looking information.

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11.3. Financial instruments (continued)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which MFS is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

The expected credit loss for non-government debtors is \$8,000.

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Department and a failure to make contractual payments for a period of greater than 180 days past due.

Receivables with a contractual amount of \$1,000 were written off during the year and are still subject to enforcement activity.

MFS considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

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11.3. Financial instruments (continued)

Market risk

MFS does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The department 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*.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. MFS' interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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 the respective financial asset/financial liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities 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 6.2 and 7.1).

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

MFS measures all financial instruments at amortised cost.

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11.3. Financial instruments (continued)

Table 11.3 Categorisation of financial asset and financial liability

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalent	6.1	2 915	2 915	-	-	-
Financial assets at amortised cost						
Receivables		596	596	-	-	-
Total financial assets		3 511	3 511	-	-	-
Financial liabilities						
Financial liabilities at amortised cost						
Payables		3 093	3 091	-	-	2
Total financial liabilities		3 093	3 091	-	-	2

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalent						
Cash and cash equivalents	6.1	3 876	3 876	-	-	-
Loans and receivables						
Receivables		511	511	-	-	-
Total financial assets		4 387	4 387	-	-	-
Financial liabilities						
Payables		4 574	4 574	-	-	-
Total financial liabilities		4 574	4 574	-	-	-

Receivables and payables

The 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, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2