



# SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE

## 2022-23 Annual Report

SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE

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**OFFICIAL**

2022-23 ANNUAL REPORT for the South Australian Metropolitan Fire Service

To:

Hon Joe Szakacs MP

Minister for Police, Emergency Services and Correctional Services

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *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 Michael Morgan

Chief Officer and Chief Executive

Date: 22 September 2023

Signature:



## From the Chief Executive



It is my pleasure to present the 2022-23 Annual Report for the South Australian Metropolitan Fire Service (MFS). This report represents the collective activities of approximately 1200 people who work tirelessly to protect the South Australian community.

The MFS is the primary provider of urban firefighting services to the State of South Australia and a statutory authority committed to protecting life, property and the environment from fire and other emergencies. The role of the MFS includes prevention and education, preparedness, response and recovery activities.

In early 2023, the MFS engaged an external consultant to design, develop and support the implementation of a new five-year Strategic Plan. The plan was developed collaboratively, with a broad cross section of the community, our workforce, stakeholders, industry and government partners.

As we embark on this exciting journey, it is important to acknowledge that urban fire and rescue lies at the core of our purpose. Our duty to serve and protect the South Australian community is a responsibility that constantly drives us to evolve and adapt as an organisation. We understand that in order to be truly effective, we must stay ahead of the ever changing landscape that surrounds us.

I acknowledge the support the MFS has received over the past year from our partner emergency service agencies, the South Australian Country Fire Service, the South Australian State Emergency Service, the South Australian Fire and Emergency Services Commission, our Minister and the South Australian Government, and the public of South Australia.

I also note and congratulate, Deputy Chief Officer Paul Fletcher on his retirement after 38 years with the MFS. His dedication, professionalism and commitment to the service was commendable and will help the organisation to continue to evolve.

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

As our new Strategic Plan was formally launched in mid-July 2023, our people have now begun to explore the foundations of the strategic plan to identify the required business actions and strategies to ensure organisational success.

A handwritten signature in blue ink, appearing to read 'Michael Morgan'. The signature is fluid and cursive, with a large loop at the end.

Michael Morgan AFSM MBA  
**Chief Officer and Chief Executive**  
South Australian Metropolitan Fire Service

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## Overview: about the agency

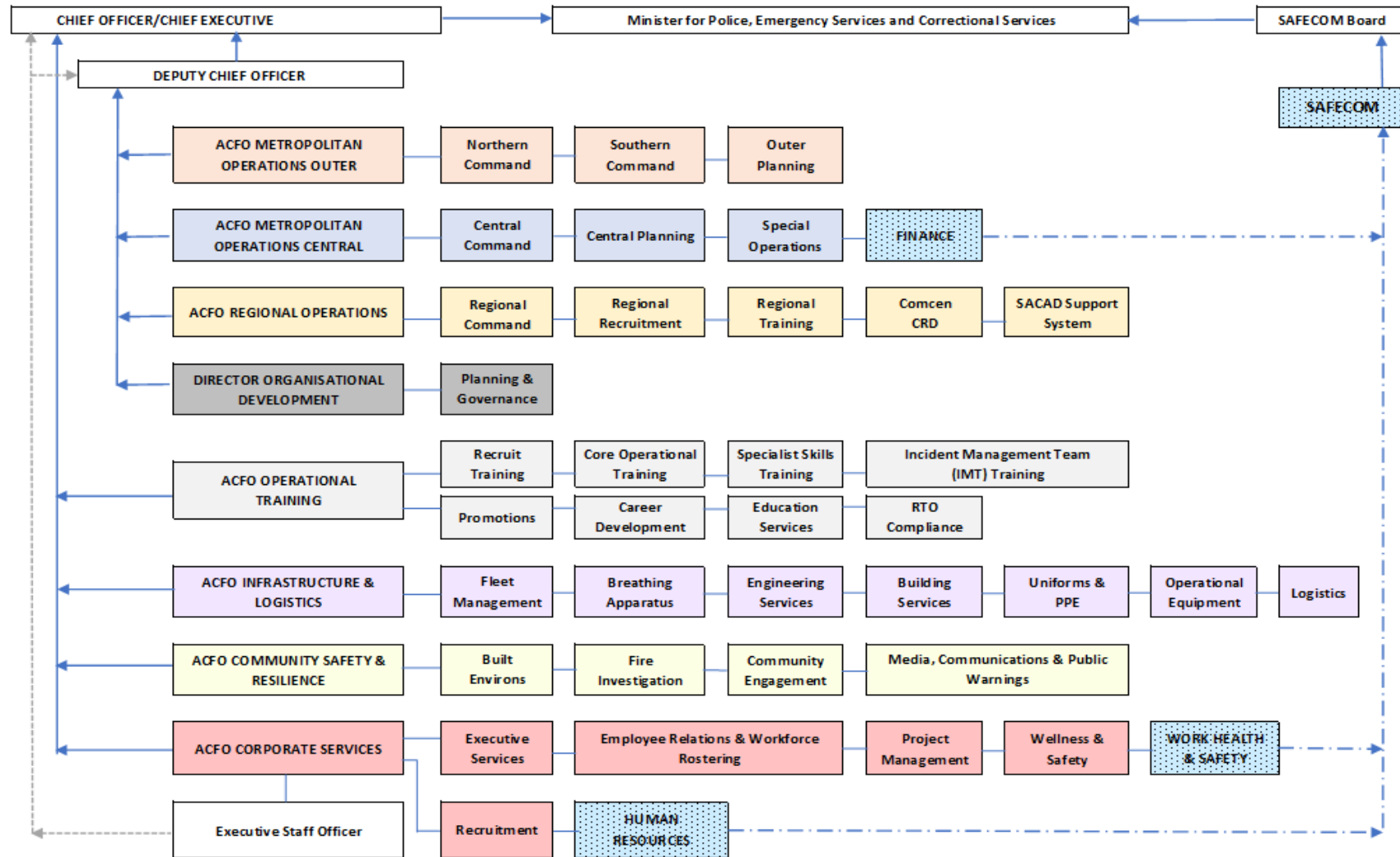
### Our strategic focus

<p><b>Our Purpose</b></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 (CFS) and the State Emergency Service (SES).</p>
<p><b>Our Vision</b></p>	<p><b>A safer and more prosperous South Australia.</b></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><b>Our Values</b></p>	<p><b>Community</b> – We will put the needs of our community first.</p> <p><b>Safety</b> – We will take all reasonable measures to ensure the safety of the public and our personnel.</p> <p><b>Professionalism</b> – Our personnel must be experts in what they do, committed to achieving the highest standards.</p> <p><b>Teamwork</b> – Teamwork is essential in all aspects of emergency service provision.</p> <p><b>Loyalty, Respect and Integrity</b> – We will act with courage, tenacity and in the best interest of the public.</p> <p><b>Responsibility, Accountability and Quality</b> – We will take responsibility for our actions and aim to provide the best possible service and value to our community.</p> <p><b>Learning and Improvement</b> – We will learn from our actions and seek to do things even better in the future.</p>

<p><b>Our functions, objectives and deliverables</b></p>	<p>Our Objectives are:</p> <p><b>COMMUNITY</b> – Help make the South Australian community safer and more prosperous.</p> <p><b>PREVENTION</b> – Minimise the frequency and effects of fires and other emergencies.</p> <p><b>RESPONSE</b> – Reduce risk to life, property, environment and economy through operational excellence.</p> <p><b>PREPAREDNESS</b> – Develop a sustainable community-focused organisation.</p> <p><b>PUBLIC VALUE</b> – 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><b>1. Community Focus</b></p> <ul style="list-style-type: none"> <li>• Deliver first class emergency services that minimise social, economic and environmental loss.</li> <li>• Actively engage with our community and authorising entities to identify risks and priorities.</li> <li>• Ensure we provide the right services in the right places.</li> <li>• Ensure the services we provide are effective, efficient and represent public value.</li> <li>• Allocate our budget on the basis of community risks and priorities and operate within it.</li> </ul> <p><b>2. Frontline Services</b></p> <p><b>PREVENTION</b></p> <ul style="list-style-type: none"> <li>• Promote the adoption of cost-effective fire safety solutions that protect lives and property.</li> <li>• Continue to identify innovative ways to deliver our successful Road Awareness and Juvenile Firefighter Intervention programs.</li> <li>• Maintain our high rates of fire cause identification and elimination of products identified as the potential cause of fire from the marketplace.</li> <li>• Continuation of prevention programs including fire investigation, safety inspections of public buildings, regulation, community support and education to help minimise the frequency and effects of fires and other emergencies.</li> </ul> <p><b>RESPONSE</b></p> <ul style="list-style-type: none"> <li>• Maintain 100% response rate to all emergencies.</li> <li>• The MFS will increase the number of staff accredited to manage or serve in functional management roles at major national and state-level emergencies.</li> <li>• Maintain our current standards of call receipt and dispatch for the SA Emergency Services Sector.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Continue consultation and involvement in relation to the provision of appropriate firefighting infrastructure at hydrogen plant locations throughout the state, including Port Lincoln, Whyalla, Mawson Lakes and Crystal Brook.</li> <li>• Maintain our current levels of direct support to our workforce and community during and after emergencies.</li> </ul> <p><b>3. Frontline Support Services</b></p> <p>PREPAREDNESS</p> <ul style="list-style-type: none"> <li>• Recruit training program will support, mentor and assist the development of personnel through the principles of Adult Learning and Assessment.</li> <li>• Implement key findings of the review of the MFS Staff Development Framework.</li> <li>• Develop and conduct promotion processes that employ holistic assessment strategies that assess the knowledge, skills, experience and responsive learning solutions.</li> <li>• Continue to develop comprehensive organisational learning programs that ensure our personnel maintain high skill levels and behaviours across all key roles and responsibilities.</li> <li>• Undertake additional appliance purchases to reduce pressure on fleet reserves and the age of the fleet.</li> <li>• Ensure effective and efficient procurement, management and use of fit for purpose infrastructure, appliances and equipment.</li> </ul> <p><b>4. Governance and Public Value</b></p> <p>ORGANISATIONAL PERFORMANCE AND VALUE</p> <ul style="list-style-type: none"> <li>• Improve the integration and effectiveness of services provided by the emergency services sector to deliver public value.</li> <li>• Develop a new strategic plan to establish direction and priorities for the next five financial years.</li> <li>• Continue progress on a policy framework review project.</li> <li>• Ensure the effective management of MFS functional support services.</li> <li>• Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders.</li> </ul> <p>PEOPLE AND CULTURE</p> <ul style="list-style-type: none"> <li>• Improve the physical, mental and emotional wellness of MFS personnel.</li> <li>• Develop a professional culture that improves effectiveness, efficiency and delivers public value.</li> <li>• Develop a sustainable, highly skilled workforce that is reflective of the community we serve.</li> <li>• Employ effective Human Resources management systems consistent with the broader SA Public Sector.</li> </ul>
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Our organisational structure



\* Each colour in the diagram above represents a different MFS Department

(As of 30 June 2023 – Taken from MFS Workforce Plan 2022 – 2023)



## Changes to the agency

During 2022-23 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 Joe Szakacs 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 for 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 South Australian *Fire and Emergency Services Act (2005)*.
- 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 influences the identification and selection of 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 expert advice on strategic and executive management business approaches across the MFS.
  - Leads innovation and change in the MFS including the development and delivery of integrated and complex strategy for the MFS.
- Ensures the protection of people, property and the environment from fire, chemical incidents and other emergencies by ensuring adequate physical and appropriately trained human resources are maintained.
  - Ensures Enterprise Agreements and/or Industrial Awards reflect MFS strategic direction by providing expert advice to Chief Officer/Chief Executive.
  - Represents the MFS in statewide forums, providing expert leadership and advice in support of MFS's corporate direction 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.
- During 2022-23 the MFS responded to approximately 23 200 emergency incidents. Of these, 20 081 generated a response in Metropolitan Operations; and 3 182 in Regional Operations. By way of comparison, these activity rates are relatively consistent with the data from the previous financial year.
- MFS Regional Operations provides an emergency service to major regional centres protecting a significant proportion of South Australia's regional population, infrastructure and economic assets. Collectively, MFS Regional Operations responded to 137 structure fires, 403 other fires, 70 vehicle fires and performed a total of 433 rescues. During 2022-23, four MFS regional stations responded to more than 310 emergency incidents, and these include: Mount Gambier (521), Port Pirie (378), Whyalla (362) and Port Augusta (313).
- MFS statistics identifies that the risks to our community continue to change over time. Data indicates that the incidence of structural fires has continued to drop which may reflect positive outcomes resulting from our prevention activities. However, fires now burn hotter and faster and have greater potential to cause significant damage and loss. Other risks, including road crashes requiring rescue, continues to be a concern as the population of urban areas increases. Both metropolitan and regional operations reported increases in the number of rescues performed with an annual total of 5 599 (in comparison to 5 441 in 2021-22).
- On 4 July 2022, the MFS responded to a third alarm commercial fire at a warehouse in Brompton which destroyed a former joinery business. Sixty firefighters battled the blaze and prevented it from spreading to adjoining businesses including a distillery containing hundreds of bottles of 96% ethanol.
- From November 2022 to February 2023 during the River Murray Flood event, the MFS deployed significant Metropolitan and Regional resources as Strike Teams to Murray Bridge and the Lower Murray to support flood-risk assessment and the notification of effected members of the community. This included an extensive door-knocking campaign to alert property owners at risk and embedding Functional Support Officers in the Incident Management Team at Loxton in support of the Control Agency.
- On 23 January 2023, the MFS responded to a warehouse fire on Churchill Road, Kilburn which was started by welding sparks igniting oil. Eight fire appliances and one command vehicle extinguished the blaze in 15 to 20 minutes. While machinery worth an estimated \$500,000 was lost, \$4 million dollars in property and vehicles were saved.

## 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 entities 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.
- Continue to identify innovative ways to deliver our successful Road Awareness and Juvenile Firefighter Intervention programs.
- Maintain our high rates of fire identification and elimination of products identified as the potential cause of fire from the marketplace.
- Continuation of prevention programs including fire cause investigation, safety inspections of public buildings, regulation, community support and education to help minimise the frequency and effects of fires and other emergencies.

#### RESPONSE

- Maintain 100% response rate to all emergencies.
- The MFS will increase the number of staff accredited to manage or serve in functional management roles at major national and state-level emergencies.
- Maintain our current standards of call receipt and dispatch for the SA emergency services sector.
- Continue consultation and involvement in relation to the provision of appropriate firefighting infrastructure at hydrogen plant locations throughout the state, including Port Lincoln, Mawson Lakes and Crystal Brook.
- Maintain our current levels of direct support to our workforce and community during and after emergencies. This includes ensuring the sustainability of our successful employee wellness and mental health programs.

### 3. Frontline Support Services

#### PREPAREDNESS

- Recruit training program will support, mentor and assist the development of personnel through the principles of Adult Learning and Assessment.
- Implement key findings of the review of the MFS Staff Development Framework.
- Develop and conduct promotion processes that employ holistic assessment strategies that assess the knowledge, skills, experience and responsive learning solutions.
- Continue to develop comprehensive organisational learning programs that ensure our personnel maintain high skill levels and behaviours across all key roles and responsibilities.
- Undertake additional appliance purchases to reduce pressure on fleet reserves and the age of the fleet.

- 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.
- Develop a new strategic plan to establish direction and priorities for the next five financial years.
- Continue progress on a policy framework review project.
- 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 delivers public value.
- Develop a sustainable, highly skilled workforce that is reflective of the community we serve.
- Employ effective Human Resources management systems consistent with the broader SA Public Sector.

Agency objectives	Indicators	Performance
<p><b>Frontline Services – Community</b></p>	<p>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.</p>	<ul style="list-style-type: none"> <li>- 152 home fire safety presentations reaching a total of 6 189 people.</li> <li>- 504 educational tours, visits and community events scheduled.</li> </ul> <p>Projected total of 131 534 attendees in community education programs.</p>
<p><b>Frontline Services – Prevention</b></p>	<p>Identify risks associated with fire and other emergencies.</p>	<p>The MFS investigated:</p> <ul style="list-style-type: none"> <li>- 146 fires for the MFS.</li> <li>- 66 fires for the CFS.</li> </ul> <p>Fire cause established in 89% of all fires examined.</p> <p>This success rate means that causes are identified, and dangerous products are promptly removed from the community.</p>
	<p>Foster behaviours that increase community preparedness. MFS provides the following programs:</p> <ul style="list-style-type: none"> <li>- Road Awareness Program (RAP)</li> <li>- Juvenile Fire Lighters Intervention Program (JFLIP)</li> </ul>	<ul style="list-style-type: none"> <li>- 225 RAP presentations took place involving a projected total of 18 436 participants. Nearly all RAP participants (99%) indicated that they will adopt safer behaviours post-program.</li> <li>- 6% of participants in JFLIP reoffend. The MFS believes that this program reduces community risk by decreasing the incidence of repeat fire lighting.</li> </ul>

<p><b>Frontline Services – Prevention</b> Cont'd</p>	<p>Ensure South Australian environs are safe places to live and work.</p> <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>	<p>MFS conducted:</p> <ul style="list-style-type: none"> <li>- 126 education and health facility inspections and fire safety surveys.</li> <li>711 building development proposal assessments.</li> <li>- 344 fire alarm inspections and connections.</li> <li>- 89% of building development assessments were completed within 28 days.</li> <li>- 186 booster/hydrant tests/commissioning.</li> <li>- 170 Building Fire Safety Committee meetings attended.</li> <li>- 351 Building Fire Safety Committee inspections conducted.</li> <li>- 11 hot smoke tests conducted.</li> </ul> <p>MFS Built Environs also:</p> <ul style="list-style-type: none"> <li>- Consulted with developers and certifiers on several high-profile infrastructure projects including the Heysen Tunnels, Torrens 2 Darlington Tunnels, Women’s &amp; Children’s Hospital, Torrens Island Batteries, Hydrogen Facility Whyalla and the Proposed H2 Facility Pt Pirie.</li> <li>- Continue to actively engage with the Department for Infrastructure and Transport to undertake building inspections associated with Aluminium Composite Panels (ACPs) and provide advice to inform rectification work.</li> </ul>
<p><b>Frontline Services – Response &amp; Recovery</b></p>	<p>Ensure the development and delivery of effective emergency management systems.</p>	<ul style="list-style-type: none"> <li>- A total of 96 major community events had a current fire protection plan.</li> </ul>
	<p>Ensure appropriate response is committed to 100% of all incident types.</p>	<ul style="list-style-type: none"> <li>- 100% of all incidents had an appropriate response committed.</li> </ul>
	<p>Ensure the safe and effective management and control of incidents and emergencies.</p>	<ul style="list-style-type: none"> <li>- 59% of building and other structure fires were contained to part of room or area of origin.</li> <li>- 68% of building fires were contained to the room of origin.</li> </ul>

<p><b>Frontline Services – Response &amp; Recovery</b> Cont'd</p>	<p>Ensure the MFS responds to all fires and other emergencies with timely and weighted response.</p>	<ul style="list-style-type: none"> <li>- The total number of incidents generating a response from Metropolitan Operations was 20 081.</li> <li>- The total number of incidents generating a response from Regional Operations was 3 182.</li> <li>- Average Metropolitan 'out the door time' was 115 seconds, consistent with our target of less than 120 seconds.</li> <li>- The % of MFS arrivals within 7 minutes of a callout in a metropolitan area with a fulltime crew was 75%.</li> <li>- The % of MFS arrivals within 11 minutes of a callout in a regional area:             <ul style="list-style-type: none"> <li>o With a Retained crew was 66%.</li> <li>o For Station 50 Pt Pirie was 95%.</li> <li>o For Station 70 Mt Gambier was 75%.</li> </ul> </li> </ul> <p>(Collective Regional target of 90%.)</p>
	<p>Ensure effective operational call receipt and dispatch.</p>	<ul style="list-style-type: none"> <li>- Total of 38 352 emergency calls were received.</li> <li>- Average time to answer 000 emergency calls was 5 seconds (on target of 5 seconds).</li> <li>- In 84.73% of cases, Triple Zero calls were answered on first presentation.</li> </ul> <p>(Note: Significant increase in emergency calls due to severe weather event on 12/11/22. This incident impacted both the number of calls and the percentage of calls answered on first presentation, largely due to Telstra's work practice of re-presenting calls during this out-of-scale event. A review of this work practice has now been undertaken.)</p>
<p><b>Frontline Support Services – Learning &amp; Development</b></p>	<p>A highly skilled workforce that can safely undertake roles required of MFS personnel.</p>	<ul style="list-style-type: none"> <li>- 18 new firefighting personnel were successfully recruited.</li> </ul>
	<p>Establish and maintain effective career development systems.</p>	<ul style="list-style-type: none"> <li>- 485 personnel enrolled in nationally recognised training through the MFS Staff Development Framework; 315 mandatory enrolments; and 170 voluntary enrolments.</li> <li>- MFS personnel enrolled in a total of 1 625 units of study (945 mandatory and 680 voluntary).</li> </ul>



<p><b>Frontline Support Services – Infrastructure &amp; Logistics</b></p>	<p>Ensure the provision of efficient whole of life vehicle and equipment solutions.</p> <p>MFS fleet reserve capability continues to be impacted by:</p> <ul style="list-style-type: none"> <li>- Increased recruit training demand (six appliances are required to conduct the 16-week course).</li> <li>- Fitting of Burn Over Protection Systems (BOPS).</li> <li>- Chassis rust and pump mounting failures which both require repairs from an out-sourced engineer.</li> </ul>	<ul style="list-style-type: none"> <li>- Operational performance was supported by appropriate vehicles and equipment at 100% of incidents.</li> <li>- The maintenance of fleet reserve capability (minimum of 2 reserve appliances available 80% of the time) was 100%, reaching the identified target.</li> <li>- Appliances responded to incidents with no report of failure that had impeded their arrival.</li> </ul> <p>Fleet Age:</p> <ul style="list-style-type: none"> <li>- 12% of total MFS fleet requiring replacement within two years (Target of &lt;12%). This is a significant improvement from 38% in 2020-21, supported by the accelerated heavy vehicle replacement project.</li> <li>- 0 Aerial requiring replacement within two years (Target of 4).</li> <li>- 2 Specialist vehicles requiring replacement within two years (Target of 1).</li> <li>- 19 General Purpose Pumpers requiring replacement within two years (Target of 9).</li> </ul>
<p><b>Frontline Support Services – Governance &amp; Public Value</b></p>	<p>Develop the leadership and management skills of our personnel.</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> <ul style="list-style-type: none"> <li>- 90% of senior managers hold tertiary qualifications.</li> </ul>
	<p>Ensure sustainable and environmentally friendly practices are employed.</p>	<p>The MFS aims to:</p> <ul style="list-style-type: none"> <li>- reduce energy usage;</li> <li>- increase the volume of water reclaimed from fire training activities; and</li> <li>- restrict the volume of contaminated water released during firefighting activities.</li> </ul>

<p><b>Frontline Support Services – Governance &amp; Public Value</b> Cont'd</p>	<p>Increase the total of MFS photovoltaic energy generation.</p>	<ul style="list-style-type: none"> <li>- All new MFS stations are built with a minimum of 12kW systems. The MFS now has photovoltaic energy systems totalling 120kW (Target of &gt;105kW).</li> </ul>
	<p>Ensure all required organisational plans are developed.</p> <p>The MFS is required to develop key plans for submission to the SAFECOM Board.</p>	<p>The following plans were submitted:</p> <ul style="list-style-type: none"> <li>- MFS Business Plan</li> <li>- MFS Workforce Plan.</li> </ul>
	<p>Ensure effective corporate governance.</p>	<ul style="list-style-type: none"> <li>- Monthly MFS Chief Officer reports were submitted to the SAFECOM Board (9 in total). <i>Note: In 2022, meetings were held monthly but at the start of 2023, the meeting schedule was amended to occur bi-monthly.</i></li> <li>- 4 Corporate Governance Committee meetings conducted (Target of 4).</li> <li>- 10 Planning &amp; Resilience Committee meetings conducted (Target of 8).</li> <li>- 10 Finance Committee meetings conducted (Target of 8).</li> </ul> <p>Indicators or fiscal performance:</p> <ul style="list-style-type: none"> <li>- An unqualified report from the Auditor General.</li> <li>- Compliant with Audit and Verification System for safety and injury management to AS/NZS 4801 2000.</li> <li>- Injury Management: meeting key requirements of the Return to Work Act.</li> </ul>

## Corporate performance summary

- The MFS is responsible for the statewide call receipt and dispatch function not only for the MFS but also for the South Australian Country Fire Service (CFS) and the South Australian State Emergency Service (SES). In the past financial year, the MFS handled approximately 38 352 emergency calls. The average time to answer 000 emergency calls was 5 seconds (on target of 5 seconds). In 84.73% of cases, Triple Zero calls were answered on first presentation.
- Metropolitan Operations attended approximately 20 081 incidents during 2022-23. Of these, 844 were structure fires, 377 vehicle fires, 5 166 rescues and 355 HAZMAT incidents. Average Metropolitan 'out the door time' was 115 seconds, consistent with our target of less than 120 seconds.
- During 2022-23, Regional Operations attended approximately 3 182 incidents. This included 137 structure fires, 70 vehicle fires, 433 rescues and 60 HAZMAT incidents.
- The MFS Road Awareness Program (RAP) delivered a total of 225 presentations to a projected total of 18 436 participants. This program continues to receive positive results for measures of changed behaviour and program quality.
- During 2022-23, the MFS delivered a total of 504 educational tours, visits and community events, attracting a total of 125 345 attendees. In addition, the MFS were also able to conduct 152 home fire safety presentations to a total of 6 189 people. These presentations continue to create a positive impact in the continuing decline in the number of structure fires.
- The MFS Built Environs team has continued to experience a marked increase in demand. MFS personnel conducted more than 700 Building Development Proposal Assessments compared to the long-term average of approximately 200 per year.
- Throughout the year, the MFS Built Environs team has continued to actively engage in the combustible cladding audit process. The MFS is supportive of the partial removal of aluminium composite panels on some premises, with consideration given to operational requirements and the overall safety for occupants. The MFS will continue to liaise with both government and private building owners to work towards delivering positive outcomes to reduce the potential risks in structure that contain Aluminium Composite Panels.

- On 17 December 2022, the MFS relocated the Christie Downs appliances and crews to the new Noarlunga Command Station. This state-of-the-art station will enhance incident response and emergency management for Adelaide's southern suburbs and peri-urban areas.
- The commissioning of new appliances through the MFS appliance replacement plan has helped reduce the average age of the firefighting fleet and improved the fleet reserve capability to 100% during 2022-23.
- Selection and provision of the new helmets is near completion, with only a few regional stations yet to receive their helmets.
- During 2022-23, the MFS placed significant emphasis on the career development of future officers. Outcomes included the implementation of the new Station Officer Preparation Program for Senior Firefighters seeking promotion and a leadership development program for personnel recently promoted to the rank of Station Officer.
- The MFS has implemented the organisation's Culture and Diversity Plan. Highlights included review and enhancement of the MFS Respectful Behaviour and Managing Misconduct policies and the rollout of on-line and face-to-face Cultural Awareness Training across the organisation.
- Continue to meet our obligations with regards to:
  - Contributing to the Office of the Commissioner for Public Sector Employment - State of the Sector Report.
  - Ensuring that all MFS personnel in prescribed positions have a valid Working with Children Check.

### **Disability Access and Inclusion Plan**

The South Australian Emergency Services Sector *Disability Access and Inclusion Plan 2020-2024* supports the *Inclusive SA: State Disability Inclusion Plan 2019-2023*.

The Plan sets out the actions that the MFS as a member of the South Australian Emergency Services Sector (ESS) will take to improve access and inclusion for people living with a disability including our staff and the people that access our information and resources.

The MFS continues to monitor and report on the operation and implementation of the Plan annually to the Chief Executive of the Department of Human Services, and via liaison with our emergency service sector partners.

**Employment opportunity programs**

<b>Program name</b>	<b>Performance</b>
<p><b>Workforce Renewal –</b> Enhance the capacity and efficiency of recruitment and recruit training processes.</p>	<p>Efficiencies were realised through the introduction of an application fee, and through re-engineering and resequencing the Firefighter Recruitment and Selection Process.</p> <p>Each new Recruit Course takes 75 business days.</p> <p>Graduates receive the nationally recognised Certificate II in Public Safety (Firefighting &amp; Emergency Operations).</p>
<p><b>Workforce Renewal –</b> Increase 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 continues to be 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>The MFS will also:</p> <ul style="list-style-type: none"> <li>- Continue to engage in active recruitment campaign strategies to promote the MFS as an inclusive employer of choice.</li> <li>- Continue organisational involvement in the Champions of Change Coalition.</li> <li>- Continue implementation of the organisation’s Culture and Diversity Plan.</li> </ul>
<p><b>Workforce Renewal –</b> Enhanced MFS capability to train personnel in high-risk settings as firefighters and officers.</p>	<p>The MFS continues to invest 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 six years competency-based training through the Staff Development Framework and tertiary level qualifications through the Executive Development Program.</p>

## Agency performance management and development systems

Performance management and development system	Performance
MFS Organisational Doctrine – Provides broad guidance to personnel about how to behave and think in both operational and non-operational settings.	Continued implementation of the MFS organisational doctrine occurred, including alignment with behaviour management, cultural renewal and diversity strategies.
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.	315 personnel were compulsorily enrolled in nationally recognised qualifications through the MFS SDF, equating to 945 mandatory units of study.  Collectively, MFS personnel were enrolled in a total of 1 625 units of study.
The policy entitled ' <i>Managing Behaviour of MFS Employees</i> ' guides 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> .	On 15 December 2022, the MFS formally released: <ul style="list-style-type: none"> <li>- <b>SAP 66 – Respectful Behaviour</b> developed to set expectations of workplace behaviours and outline processes for reporting inappropriate workplace behaviours across MFS</li> <li>- <b>SAP 33 – Recognition, Honours and Awards</b> was revised to increase the emphasis on informal recognition and now aligns to SA Government best practice approaches.</li> <li>- <b>SAP 46 – Managing Misconduct for Operational Employees</b> has been aligned to SAP 66 – Respectful Behaviour. Key changes include increase focus on the Code of Ethics for the South Australian Public Sector, alignment of minor misconduct matters to be consistent with proposed SAP 66 processes and inclusion of Employee Support Services and external complaint options.</li> </ul>
Emergency Services Sector Planned Review and Development (PRD) for MFS operational support staff.	PRD sessions between MFS employees and their line managers continue, in compliance with sector policy requirements.

<b>Performance management and development system</b>	<b>Performance</b>
Review and development of operational staff.	Operational personnel participate in mandatory performance management discussions through less formal but effective post incident review, skills acquisition and reacquisition training on an ongoing basis.

**Work health, safety and return to work programs**

<b>Program name</b>	<b>Performance</b>
MFS Employee Support Program	<p>100% of Station Visits by the Employee Support Coordinator and Psychological Consultant based on risk priority was achieved.</p> <p>Increasing numbers of personnel seeking assistance in the short term as the MFS places priority on mental health awareness.</p> <p>Mental Health First Aid training continues to be provided to new recruits and to some MFS personnel in Regional Operations.</p>
MFS Vaccination Program	<p>The MFS workforce continues to be offered voluntary participation in the flu vaccination program.</p> <p>The MFS continues to provide vaccinations for USAR Cat 2 qualified personnel for protection consistent with diseases and infections that might reasonably expect to be encountered whilst on deployment.</p>



Program name	Performance
<p>MFS Employee Wellness &amp; Safety</p>	<p>Continued development of strategies to assist in reducing workplace injury/illness and ensure a safe effective recovery/return to work. Programs include:</p> <p><b>Transition to retirement</b></p> <p>Pre and post-retirement support processes continue to be enhanced and promoted.</p> <p><b>Health and Fitness</b></p> <p>Injury/illness data analysis compliments the ongoing movement screening testing, gym equipment rationalisation and purchase and the commencement of station gym refurbishments.</p> <p>Voluntary health checks continue along with the development of annual health checks aligned to functional fitness requirements.</p> <p><b>White Ribbon Campaign</b></p> <p>The MFS remains an accredited White Ribbon organisation and continues to provide a safer workplace through this ongoing program.</p> <p><b>AFAC Champions of Change Coalition</b></p> <p>Continuing to implement the strategies developed by AFAC to enhance cultural change management processes.</p> <p><b>Diversity and Inclusion</b></p> <p>Strategies are being developed and implemented to ensure the MFS becomes a more diverse and inclusive organisation.</p> <p><b>Operational Safety</b></p> <p>The MFS continues to be involved in AFAC activities including PPC, operational strategies, WHS and procurement such as PPC, appliances and equipment.</p> <p>Review of operational policies and procedures continue to occur based on comprehensive risk assessments.</p> <p><b>Mental Health Resilience</b></p> <p>PEER Network - Program remains ongoing. Investigating other similar services to determine best practice and opportunities for improvement.</p> <p>Other programs that are being periodically reviewed include: Domestic and Family Violence; Bullying and Harassment; and Physical Health, Fitness and Wellbeing.</p>

Program name	Performance
<p>Risk Management – The MFS Work Health Safety and Injury Management (WHS&amp;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&amp;IM system performance is evaluated through internal and external audit, review and investigation of incidents, analysis of hazard, incident, near miss (GovSAfety) reports, and workers compensation (SIMS) data and additional surveys to ensure effectiveness and deliver 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 was nil notifiable incident during the 2022-23 period, and a total of 1 provisional improvement or prohibition notices were issued.</p> <p>Total gross workers compensation expenditure increased 7.58%.</p>

<b>Workplace injury claims</b>	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total new workplace injury claims	128	163	-21%
Fatalities	1	3	-66.6%
Seriously injured workers*	2	2	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	41	32.50	+21%

\*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)

<b>Work health and safety regulations</b>	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	0	1	-100%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	1	3	-66.6%

<b>Return to work costs**</b>	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total gross workers compensation expenditure (\$)	8 490 155	7 891 957	7.3
Income support payments – gross (\$)	3 412 377	3 182 408	6.9

\*\*before third party recovery

Data for previous years is available at [Annual Report Data - WHS and Return to Work - Dataset - data.sa.gov.au](https://data.sa.gov.au/dataset/annual-report-data-whs-and-return-to-work)

**Executive employment in the agency**

<b>Executive classification</b>	<b>Number of executives</b>
EXEC0B	1
EXEC0D	1

Data for previous years is available at: [Annual Report Data - Executive Employment - Dataset - data.sa.gov.au](#)

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 2022-2023 are attached to this report.

Statement of Comprehensive Income	2022-23 Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Total Income	190,851	205,721	14,870	201,713
Total Expenses	178,808	214,653	35,845	17,999
<b>Net Result</b>	<b>12,043</b>	<b>(8,932)</b>	<b>20,975</b>	<b>21,714</b>
<b>Total Comprehensive Result</b>	<b>12,043</b>	<b>(8,932)</b>	<b>20,975</b>	<b>21,714</b>

Statement of Financial Position	2022-23 Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Current assets	13,037	5,185	(7,852)	10,082
Non-current assets	203,364	200,277	(3,087)	195,942
<b>Total assets</b>	<b>216,401</b>	<b>205,462</b>	<b>(10,939)</b>	<b>206,024</b>
Current liabilities	31,706	34,609	2,903	31,628
Non-current liabilities	71,114	78,330	7,216	72,858
<b>Total liabilities</b>	<b>102,820</b>	<b>112,939</b>	<b>10,119</b>	<b>104,486</b>
<b>Net assets</b>	<b>113,581</b>	<b>92,523</b>	<b>(21,058)</b>	<b>101,538</b>
<b>Equity</b>	<b>113,581</b>	<b>92,523</b>	<b>(21,058)</b>	<b>101,538</b>

### 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 the 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	\$15 000

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

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
GHD Pty Ltd	PFAS contamination testing	\$691 335
IFB Investigations	Investigation services	\$10 671
University of Adelaide	PFAS contamination testing	\$39 854
	Total	\$741 860

Data for previous years is available at: [Annual Report Data - Consultants - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	\$44 000

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

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Babcock Pty Ltd	Engineering Support Services	\$605 984
Safe Select	Professional Services	\$14 265
Symmetri	MFS Business and Advisory Services	\$201 376
Ventia Australia	Trade and Project Services	\$51 059
MWAH – Making Work Absolutely	Diversity and Inclusion Plan Design and Development	\$140 322
Diversity Consulting	Diversity and Inclusion Program	\$30 149
Sullivan Consulting	Executive Recruitment	\$30 300
Collectau Pty Ltd	Collection of Receivables	\$19 931
Andrew Hill Investigations	Investigation Services	\$11 717
TCB Electrical Services (SA)	Emergency Solar Panel Callout Fee	\$29 080
	<b>Total</b>	<b>\$1 134 183</b>

Data for previous years is available at: [Annual Report Data - Contractors - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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 – Employee Conduct	1

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: [Annual Report Data - Fraud - Dataset - data.sa.gov.au](https://data.sa.gov.au)

### Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Nil

Data for previous years is available at: [Annual Report Data - Public Interest Disclosure - Dataset - data.sa.gov.au](https://data.sa.gov.au)

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.



## Public complaints

### Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	4
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	2
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Service quality	Information	Incorrect, incomplete, out-dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	1
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	1
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	6
		<b>Total</b>	<b>14</b>

Additional Metrics	Total
Number of positive feedback comments	14 585
Number of negative feedback comments	4
Total number of feedback comments	14 589
% complaints resolved within policy timeframes	86%

*Note: One complaint took a total of 56 days to action as the matter was dependent on an external complaint process, over which the MFS had no control.*

*Data includes feedback gathered by the MFS Community Safety & Resilience Department which consisted of feedback from: Community engagement presentations (332), CASE Program (54), Road Awareness Program (13 422) and Direct email/telephone communications (736).*

Data for previous years is available at: [Annual Report Data - Complaints - Dataset - data.sa.gov.au](https://data.sa.gov.au)

### Service Improvements

Information is readily available on the MFS website – [Feedback | Metropolitan Fire Service \(mfs.sa.gov.au\)](https://mfs.sa.gov.au) about how to provide feedback or lodge a complaint with the organisation.

Easy access to an online Customer Feedback form allows quick submission at a time that suits the individual. In 2022 – 2023, the MFS receive a total of 52 feedback responses, compared to 13 in 2021 – 2022.

Service improvements resulting from complaints included:

- Reminder to operational personnel even though they were actively complying with required COVID-19 regulations, they were representing the MFS whilst out in public.
- As relevant, reminder to operational crews of suitable fire appliance parking in non-emergency situations when out in public.
- As relevant, individual staff were counselled and reminded of their obligations as MFS employees, and to consider how their actions may be perceived by members of the public.

### Compliance Statement

The South Australian Metropolitan Fire Service is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector.	Y
The South Australian Metropolitan Fire Service has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

## **Appendix: Audited financial statements 2022-23**

### **South Australian Metropolitan Fire Service**

### **Financial Statements**

For the year ended 30 June 2023

**South Australian Metropolitan Fire Service**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2023*

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We certify that the:

- financial statements of the South Australian Metropolitan Fire Service:
  - are in accordance with the accounts and records of the South Australian Metropolitan Fire Service;
  - comply with relevant Treasurer's instructions;
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the South Australian Metropolitan Fire Service at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the South Australian Metropolitan Fire Service for the financial year over its financial reporting and its preparation of financial statements have been effective.



Michael Morgan AFSM  
Chief Officer  
South Australian Metropolitan Fire Service  
15 September 2023



Mahen Fernando  
Business Manager  
South Australian Metropolitan Fire Service  
15 September 2023

**South Australian Metropolitan Fire Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Income</b>			
Contributions from the Community Emergency Services Fund	2.1	168 126	162 979
Appropriation	2.2	16 200	-
Fees and charges	2.3	5 876	5 417
Grants and contributions	2.4	1 449	1 259
SA Government grants, subsidies and transfers	2.5	12 067	30 280
Interest revenues		85	-
Other income	2.6	1 918	1 778
<b>Total income</b>		<b>205 721</b>	<b>201 713</b>
<b>Expenses</b>			
Employee benefits	3.3	182 635	151 202
Supplies and services	4.1	22 737	19 338
Grants and subsidies		73	35
Borrowing costs		23	23
Depreciation and amortisation	5.1, 5.4	8 676	8 521
Net loss from disposal of non-current assets	4.2	516	853
Other expenses		-	27
<b>Total expenses</b>		<b>214 660</b>	<b>179 999</b>
<b>Net result</b>		<b>(8 939)</b>	<b>21 714</b>
<b>Total comprehensive result</b>		<b>(8 939)</b>	<b>21 714</b>

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 2023*

	Note	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	3 069	6 836
Receivables	6.2	2 117	3 246
<b>Total current assets</b>		<b>5 186</b>	<b>10 082</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	188 729	180 542
Capital works in progress	5.5	11 384	15 314
Intangible assets	5.4	165	86
<b>Total non-current assets</b>		<b>200 278</b>	<b>195 942</b>
<b>Total assets</b>		<b>205 464</b>	<b>206 024</b>
<b>Current liabilities</b>			
Payables	7.1	8 082	7 849
Employee benefits	3.4	18 533	17 016
Provisions	7.3	7 705	6 471
Financial liabilities	7.2	288	292
<b>Total current liabilities</b>		<b>34 618</b>	<b>31 628</b>
<b>Non-current liabilities</b>			
Payables	7.1	4 055	3 670
Employee benefits	3.4	21 111	21 056
Provisions	7.3	52 290	47 161
Financial liabilities	7.2	874	971
<b>Total non-current liabilities</b>		<b>78 330</b>	<b>72 858</b>
<b>Total liabilities</b>		<b>112 948</b>	<b>104 486</b>
<b>Net assets</b>		<b>92 516</b>	<b>101 538</b>
<b>Equity</b>			
Asset revaluation surplus	8.1	146 047	147 003
Retained earnings	8.1	(53 531)	(45 465)
<b>Total equity</b>		<b>92 516</b>	<b>101 538</b>

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 2023*

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	147 567	(67 743)	79 824
Net result for 2021-22	-	21 714	21 714
Total comprehensive result for 2021-22	-	21 714	21 714
Transfer between equity components	(584)	584	-
Balance at 30 June 2022	147 003	(45 465)	101 538
Prior period adjustments	-	(83)	(83)
Restated balance at 30 June 2022	147 003	(45 548)	101 455
Net result for 2022-23	-	(8 939)	(8 939)
Total comprehensive result for 2022-23	-	(8 939)	(8 939)
Transfer between equity components	(956)	956	-
Balance at 30 June 2023	146 047	(53 531)	92 516

8.1

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



**South Australian Metropolitan Fire Service**  
**Statement of Cash Flows**  
*for the year ended 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Contributions from the Community Emergency Services Fund		168 126	162 979
Appropriation		16 200	-
SA Government grants, subsidies and transfers		12 274	30 180
Fees and charges		5 620	5 417
Receipts from grants and contributions		1 557	1 283
Interest received		85	-
GST recovered from the Australian Taxation Office		2 845	2 974
Other receipts		2 077	1 954
<b>Cash generated from operations</b>		<u>208 784</u>	<u>204 787</u>
<b>Cash outflows</b>			
Employee benefits payments		(171 864)	(159 548)
Supplies and services payments		(24 965)	(24 451)
Interest paid		(23)	(23)
Grants and subsidies payments		(73)	(35)
<b>Cash used in operations</b>		<u>(196 925)</u>	<u>(184 057)</u>
<b>Net cash provided by operating activities</b>	8.2	<u>11 859</u>	<u>20 730</u>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		36	-
<b>Cash generated from investing activities</b>		<u>36</u>	<u>-</u>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(15 332)	(13 909)
<b>Cash used in investing activities</b>		<u>(15 332)</u>	<u>(13 909)</u>
<b>Net cash used in investing activities</b>		<u>(15 296)</u>	<u>(13 909)</u>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of principal portion of lease liabilities		(330)	(328)
<b>Cash used in financing activities</b>		<u>(330)</u>	<u>(328)</u>
<b>Net cash used in financing activities</b>		<u>(330)</u>	<u>(328)</u>
<b>Net Increase / (decrease) in cash and cash equivalents</b>		<u>(3 767)</u>	<u>6 493</u>
Cash and cash equivalents at the beginning of the reporting period		6 836	343
<b>Cash and cash equivalents at the end of the reporting period</b>	6.1	<u>3 069</u>	<u>6 836</u>

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 2023*

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**Notes to the financial statements**

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## South Australian Metropolitan Fire Service

### Notes to and forming part of the financial statements

*For the year ended 30 June 2023*

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#### 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 not-for-profit body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of the 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.

No Australian Accounting Standards have been adopted early other than AASB 2021-2 which was adopted from 1 July 2021.

The financial statements have been prepared based on a 12-month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

Significant accounting policies are set out throughout the notes.

The MFS is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case 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.

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

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

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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## 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 the MFS by or under this or any other Act.

Funding of the 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, the 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 2023*

**1.3. Budget performance**

The budget performance table compares the MFS outcomes against budget information presented to Parliament (2022-23 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.

	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Income</b>				
Contributions from the Community Emergency Services Fund				
		167 964	168 126	162
Appropriation	a	3 750	16 200	12 450
Fees and charges		5 139	5 876	737
Grants and contributions		1 290	1 449	159
SA government grants, subsidies and transfers	b	-	12 067	12 067
Interest revenue		-	85	85
Other income		190	1 918	1 728
<b>Total income</b>		<b>178 333</b>	<b>205 721</b>	<b>27 226</b>
<b>Expenses</b>				
Employee benefits	c	141 019	182 635	41 616
Supplies and services	d	13 656	22 737	9 081
Grants and subsidies		-	73	73
Borrowing costs		23	23	-
Depreciation and amortisation		8 133	8 676	543
Net loss from disposal of non-current assets		-	516	516
Other expenses		2 018	-	(2 018)
<b>Total expenses</b>		<b>164 849</b>	<b>214 660</b>	<b>49 811</b>
<b>Net result</b>		<b>13 484</b>	<b>(8 939)</b>	<b>(22 585)</b>
<b>Total comprehensive result</b>		<b>13 484</b>	<b>(8 939)</b>	<b>(22 585)</b>

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 Variance mainly attributable to Governor's Appropriation Funding received from the Department of Treasury (DTF) to address 2022-23 funding shortfalls.
- b Variance mainly attributable to contingency funding received from the DTF to meet the funding outcomes of the new MFS Enterprise Agreement 2022.
- c Primarily due to the salary impacts of the MFS enterprise agreement back pay, increased regional incidents including SAAS assists, and annual revaluation of workers' compensation provisions.
- d Predominantly due to higher costs of repairs and maintenance, per-and polyfluoroalkyl substances (PFAS) investigation, and information technology.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1.3. Budget performance (continued)**

	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<b>Investing expenditure summary</b>				
Total existing projects		8 607	9 048	(441)
Total Annual Programs	e	6 879	4 390	2 489
Total Leases		198	229	(31)
<b>Total investing expenditure</b>		<b>15 684</b>	<b>13 667</b>	<b>2 017</b>

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.

e Due to delays associated with heavy urban appliances, which will be carried over to next financial year.

**1.4. Significant transactions with government 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 Fund (refer note 2.1)
- Payments of \$2.860 million to Attorney-General's Department for the Government Radio network (refer note 4.1).

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**2. Income**

**2.1. Contributions from the Community Emergency Service Fund**

Contributions from the Fund are recognised as revenues when the MFS obtains control over the funding. Control over contributions is normally obtained upon receipt. Total contributions for the year were \$168.126 million (2022: \$162.979 million).

**2.2. Appropriation**

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	3 750	-
Appropriation from Governor's Appropriation Fund	12 450	-
<b>Total appropriation</b>	<b>16 200</b>	<b>-</b>

Appropriation is recognised on receipt. Appropriation pursuant to the *Appropriation Act* consists of \$13.2 million for operational funding and \$3 million for capital projects.

**2.3. Fees and charges**

	2023	2022
	\$'000	\$'000
Fire alarm attendance fees	2 750	2 470
Fire alarm monitoring fees	2 727	2 624
Fire safety fees	399	282
Incident cost recoveries	-	41
<b>Total fees and charges</b>	<b>5 876</b>	<b>5 417</b>

All revenue from fees and charges is recognised from contracts with customers except for recoveries.

Fees and charges revenue are recognised at a point in time when the MFS satisfies performance obligations by transferring the promised goods or services to its customers.

The MFS recognises revenue from contracts with customers from the following major sources:

**Fire alarm attendance and fire safety fees**

The MFS provides a range of fire alarm attendance and fire safety services to customers and charge prescribed fees for these services as regulated under the *Fire and Emergency Services Act 2005*. The MFS recognises revenue for these services in arrears once the relevant deliverables have been provided to the customer in line with the MFS' legislated responsibilities and internal policies.

The MFS is a referral agency under the *Planning, Development and Infrastructure Regulations 2017* and receives revenue from customers for undertaking development assessments under the Planning and Design Code.

Payments for development assessments are received in advance upon referral of the development application to the MFS from the Attorney-General's Department or direct from the customer. The MFS is required to undertake an assessment of the development and provide statutory advice to the relevant parties. Revenue is recognised in arrears once statutory advice has been provided.

**Fire alarm monitoring fees**

The MFS undertakes fire alarm monitoring services for customers and charges prescribed fees for these services as regulated under the *Fire and Emergency Services Act 2005*. Customers are charged an annual fee for this service and generally pay upfront in the first quarter of the financial year. The MFS recognises revenue for monitoring services over the time services are provided, with all services delivered by 30 June.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**2.3. Fees and charges (continued)**

**Incident recoveries**

The MFS provides support to interstate jurisdictions that request it when an emergency incident occurs. The terms of deployment are managed under the Arrangement for Interstate Assistance Framework by the National Resource Sharing Centre under the Australian and New Zealand National Council for Fire and Emergency Services (AFAC).

The inputs of the request are outlined in an operating plan and may include personnel, firefighting equipment and supplies, and consumables. Payment is made by the jurisdiction who received the assistance in arrears once performance obligations have been met and total costs of assistance have been assessed. Revenue is recognised in arrears once the emergency event has concluded and all assistance outlined in the operating plan has been ceased.

**2.4. Grants and contributions**

Commonwealth sourced grants \$1.449 million (2022: \$1.259 million) are recognised as an asset and income when the MFS obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met, this is generally on receipt.

Commonwealth grant funding for the MFS relates to the cost of providing fire and emergency services to Commonwealth properties under the Memorandum of Understanding for the Provision of Fire Services. All grants received from the Commonwealth are grants with unconditional stipulations.

**2.5. SA Government grants, subsidies and transfers**

	2023	2022
	\$'000	\$'000
Contingency funding provided by the Department of Treasury and Finance	11 777	-
Intra government transfer	290	30 280
<b>Total SA Government grants, subsidies and transfers</b>	<b>12 067</b>	<b>30 280</b>

SA Government grants, subsidies and transfers are recognised as income on receipt. Cash injections from DTF address MFS cost pressures and cash shortfalls.

**2.6. Other income**

	2023	2022
	\$'000	\$'000
Insurance recoveries	5	124
Donated assets	-	27
Salary recoveries	874	158
Sundry revenues	553	560
Rent of premises	436	687
Recoveries from legal cases	17	-
Other	33	222
<b>Total other income</b>	<b>1 918</b>	<b>1 778</b>

Other income is recognised upon receipt, except for Rent of premises.

The MFS receives revenue from long term lease agreements with tenants for land controlled by the Minister for Police, Emergency Services and Correctional Services (the Minister). Payment is made by the tenant on a monthly basis in advance. The MFS recognise this revenue on a time proportionate basis over the lease period.



**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**3. Board, committees and employees**

**3.1. Key management personnel**

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

The compensation detailed below excludes the salary and other benefits of the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 the *Parliamentary Remuneration Act 1990*.

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	543	498
Post-employment benefits	65	79
<b>Total compensation</b>	<b>608</b>	<b>577</b>

**Transactions with key management personnel and other related parties**

The MFS did not enter into any transactions with key management personnel or their close family during the reporting period that were not consistent with normal procurement arrangements.

**3.2. Remuneration of board and committee members**

Members of boards and committees during 2023 were:

**South Australian Metropolitan Fire Service Disciplinary Committee**

L D P Holland (appointed 1 February 2023)

S J Smithson\*

G S Uren\* (appointed 18 January 2023)

A J Calre\* (appointed 1 February 2023)

C J Lindsay\* (resigned 11 November 2022)

\* 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.

**Board and committee remuneration**

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

	2023	2022
\$0 - \$19 999	4	4
<b>Total number of members</b>	<b>4</b>	<b>4</b>

The total remuneration received or receivable by members was \$3 000 (2022: \$6 000). 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 related fringe benefits tax paid.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

**3.3. Employee benefits expenses**

	2023	2022
	\$'000	\$'000
Salaries and wages	120 165	105 819
Workers compensation	13 906	7 977
Employment on-costs - superannuation	18 471	14 996
Annual leave	14 384	11 993
Long service leave	3 994	(1 354)
Payroll tax	7 820	6 557
Skills and experience retention leave	1 295	1 037
Targeted voluntary separation payments	-	858
Additional compensation	2 198	2 835
Board fees	3	5
Other employment related expenses	399	479
<b>Total employee benefits expenses</b>	<b>182 635</b>	<b>151 202</b>

**Employment expenses**

The MFS's staff are employed under Part 3 of the *South Australian Fire and Emergency Services Act 2005*.

The superannuation employment on-cost charge represents the MFS's contributions to superannuation plans in respect of current services of current employees. There are no liabilities for payments to beneficiaries recognised by the MFS as DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

**Employee Remuneration**

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

	Employees	
	2023	2022
	Number	Number
\$157 001 to \$160 000 *	-	24
\$160 001 to \$180 000	138	108
\$180 001 to \$200 000	115	45
\$200 001 to \$220 000	65	17
\$220 001 to \$240 000	20	12
\$240 001 to \$260 000	3	1
\$260 001 to \$280 000	1	-
\$280 001 to \$300 000	-	2
\$320 001 to \$340 000	1	1
<b>Total</b>	<b>343</b>	<b>210</b>

\*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2021-22.

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 any related fringe benefits tax paid. The total remuneration received by these employees for the year was \$64.683 million (2022: \$37.923 million).

The number of employees included in the banding for 2023 has increased from 2022 partly due to backpay received following the introduction of a new enterprise bargaining agreement.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**3.3. Employee benefits expenses (continued)**

**Targeted voluntary separation packages (TVSP)**

The number of employees who received a TVSP during the reporting period was nil (2022: 19).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme payments	-	858
Leave paid to those employees	-	526
<b>Net cost of TVSPs</b>	<b>-</b>	<b>1 384</b>

In 2021-22, TVSPs include payments made under the Public Sector Workforce Rejuvenation Scheme.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

**3.4. Employee benefits liability**

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Annual leave	13 223	12 124
Long service leave	3 160	2 943
Skills and experience retention leave	2 150	1 949
<b>Total current employee benefits</b>	<b>18 533</b>	<b>17 016</b>
<b>Non-current</b>		
Long service leave	21 111	21 056
<b>Total non-current employee benefits</b>	<b>21 111</b>	<b>21 056</b>
<b>Total employee benefits</b>	<b>39 644</b>	<b>38 072</b>

Employee benefits accrue 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. The salary inflation rate applied to the annual leave and SERL liabilities increased to 2% in 2023 from 1.5% in 2022.

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.

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the DTF 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 increased from 3.75% in 2022 to 4% in 2023. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an overall decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a reduction in both the long service leave liability and employee benefits expense of \$0.434 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF increased the salary inflation rate to 3.5% (2022: 2.5%) for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on the average proportion of long service leave taken or paid over the last 3 years.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**4. Expenses**

**4.1. Supplies and services**

	2023	2022
	\$'000	\$'000
Property costs	4 080	2 962
Vehicles	3 009	3 298
Government radio network	2 860	2 507
Consultancy, contractors and legal fees	3 460	2 766
Computing costs	1 466	1 494
Operational costs	2 489	1 708
Uniforms and protective clothing	1 310	907
Travel and training	725	469
Communications	677	941
Insurance premiums	497	455
Low-value leases	304	265
Accommodation	289	165
Other expenses	1 571	1 401
<b>Total supplies and services</b>	<b>22 737</b>	<b>19 338</b>

**Accommodation**

A part of the MFS's accommodation is provided by the Department of Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangements (MoAA) issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within 'Accommodation' above).

**Other**

Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$60 000 (2022: \$31 000). No other services were provided by the Auditor-General's Department.

**Leases**

The MFS recognises lease payments associated with low value leases (less than \$10 000) as an expense on a straight-line basis over the lease term. Lease commitments for short-term leases is similar to short term lease expenses disclosed.

**Consultants**

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

	No.	2023	No.	2022
		\$'000		\$'000
Below \$10 000	5	15	5	18
\$10 000 or above	3	742	4	224
<b>Total paid / payable to the consultants engaged</b>	<b>8</b>	<b>757</b>	<b>9</b>	<b>242</b>

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**4.2. Net gain / (loss) from disposal of non-current assets**

	2023	2022
	\$'000	\$'000
<b>Vehicles</b>		
Net proceeds from disposal	30	-
Less net book value of assets disposed	(550)	(846)
<b>Net gain / (loss) from disposal of vehicles</b>	<b>(520)</b>	<b>846</b>
<b>Plant and equipment</b>		
Net proceeds from disposal	6	-
Less net book value of assets disposed	(2)	(7)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<b>4</b>	<b>7</b>
<b>Total assets:</b>		
Net proceeds from disposal	36	-
Less net book value of assets disposed	(552)	(853)
<b>Net gain / (loss) from disposal of owned assets</b>	<b>(516)</b>	<b>(853)</b>
<b>Total net gain / (loss) from disposal of non-current assets</b>	<b>(516)</b>	<b>(853)</b>

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.

**South Australian Metropolitan Fire Service  
Notes to and forming part of the financial statements  
For the year ended 30 June 2023**

**5. Non-financial assets**

**5.1. Property, plant and equipment**

Property, plant and equipment comprises owned and right-of-use leased (ROU) tangible assets that do not meet the definition of investment property.

**Reconciliation of property, plant and equipment during 2022-23**

	Land \$'000	Buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	61 801	68 909	41 961	6 634	860	377	180 542
Prior period adjustments	-	-	-	(52)	-	-	(52)
Restated carrying amount at the beginning of the period	61 801	68 909	41 961	6 582	860	377	180 490
Acquisitions	-	-	-	-	-	229	229
Transfers from capital WMP <sup>(1)</sup>	-	10 452	5 603	1 109	-	-	17 164
Disposals	-	-	(550)	(2)	-	-	(552)
Subtotal:	61 801	79 361	47 014	7 689	860	606	197 331

**Gains/(losses) for the period recognised in net result:**

Depreciation	(3 275)	(3 922)	(1 062)	(96)	(247)	(8 602)	
Subtotal:	(3 275)	(3 922)	(1 062)	(96)	(247)	(8 602)	
Carrying amount at the end of the period	61 801	76 086	43 092	6 627	764	359	188 729

**Gross carrying amount**

Gross carrying amount	61 801	87 956	56 674	9 814	1 134	771	218 150
Accumulated depreciation	-	(11 870)	(13 582)	(3 187)	(370)	(412)	(29 421)
Carrying amount at the end of the period	61 801	76 086	43 092	6 627	764	359	188 729

\*All property, plant and equipment are classified in the level 3 fair value hierarchy. Refer to note 7.2 for details about the lease liability for right-of-use assets.

<sup>(1)</sup> Refer to note 5.5.

**South Australian Metropolitan Fire Service  
Notes to and forming part of the financial statements  
For the year ended 30 June 2023**

**5.1 Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment during 2021-22**

	Land \$'000	Buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	61 801	70 032	42 952	5 327	908	394	181 414
Acquisitions	-	-	-	-	-	221	221
Donated assets received	-	-	27	-	-	-	27
Transfers from capital WIP (1)	-	2 146	3 847	2 193	-	-	8 186
Disposals	-	-	(846)	(7)	-	-	(853)
Remeasurement	-	-	-	-	51	-	51
Donated assets provided	-	-	(27)	-	-	-	(27)
<b>Subtotal:</b>	<b>61 801</b>	<b>72 178</b>	<b>45 953</b>	<b>7 513</b>	<b>959</b>	<b>615</b>	<b>189 019</b>

**Gains/(losses) for the period recognised in net result:**

Depreciation	-	(3 289)	(3 992)	(879)	(99)	(238)	(8 477)
<b>Subtotal:</b>	<b>-</b>	<b>(3 289)</b>	<b>(3 992)</b>	<b>(879)</b>	<b>(99)</b>	<b>(238)</b>	<b>(8 477)</b>
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>68 909</b>	<b>41 961</b>	<b>6 634</b>	<b>860</b>	<b>377</b>	<b>180 542</b>

**Gross carrying amount**

Gross carrying amount	61 801	77 504	52 166	8 718	1 135	750	202 074
Accumulated depreciation	-	(8 595)	(10 205)	(2 084)	(275)	(373)	(21 532)
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>68 909</b>	<b>41 961</b>	<b>6 634</b>	<b>860</b>	<b>377</b>	<b>180 542</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy. Refer to note 7.2 for details about the lease liability for right-of-use assets.

(1) Refer to notes 5.5



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### 5.1 Property, plant and equipment (continued)

#### Depreciation expense

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

#### Useful life

Depreciation is calculated on a straight-line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings	1-60
Vehicles	1-20
Plant and equipment	1-20
ROU Buildings	12
ROU Vehicles	3-5

#### 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.

The MFS revalued its vehicles and buildings as at 1 November 2019.

### 5.2 Property, plant and equipment owned by MFS

Property, plant and equipment owned by the MFS with a value equal to or in excess of \$10,000 is capitalised. However, the MFS can control large quantities of similar assets that individually fall under the capitalisation threshold but, when grouped together, comprise a large proportion of a particular asset class. In these circumstances, the MFS groups these asset types for the purpose of capitalisation in the financial statements.

Property, plant and equipment owned by the MFS is recorded at fair value. Detail about the MFS's approach to fair value is set out in note 10.1.

#### 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.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.1. 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.

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**5.3. Property, plant and equipment leased by the MFS**

Right-of-use property, plant and equipment leased by the MFS is measured at cost and there were no indications of impairment of right-of-use assets.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$10,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The MFS has a limited number of lease arrangements:

- 47 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- the MFS has one commercial lease for a building used for the purpose of operating a regional fire station at Mount Barker.

The lease liabilities and interest expense related to the ROU assets are disclosed in note 7.2. The MFS's maturity analysis of lease liabilities is disclosed in note 7.2. Cash outflows related to leases are disclosed in note 8.2. The MFS has not committed to any lease arrangements that have not commenced from 1 July.

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**5.4. Intangible assets**

Reconciliation of Intangible assets	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	86	52
Prior period adjustments	(31)	-
<b>Restated carrying amount at the beginning of the period</b>	<b>55</b>	<b>52</b>
Transfers from capital WIP <sup>(1)</sup>	184	78
<b>Subtotal:</b>	<b>239</b>	<b>130</b>
<b>Gains/(losses) for the period recognised in net result:</b>		
Amortisation	(74)	(44)
<b>Subtotal:</b>	<b>(74)</b>	<b>(44)</b>
<b>Carrying amount at the end of the period</b>	<b>165</b>	<b>86</b>
<b>Gross carrying amount</b>		
Gross carrying amount	528	344
Accumulated depreciation	(363)	(258)
<b>Carrying amount at the end of the period</b>	<b>165</b>	<b>86</b>

<sup>(1)</sup> Refer to note 5.5.

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of computer software is calculated on a straight-line basis over the estimated useful life of 5 years.

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

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

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

**5.5. Capital works in progress**

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	15 314	8 691
Acquisitions	13 439	14 926
Transfers to property, plant and equipment	(17 164)	(8 186)
Transfers to intangible assets	(184)	(78)
CWIP write off	(21)	(39)
<b>Carrying amount at the end of the period</b>	<b>11 384</b>	<b>15 314</b>

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as property, plant and equipment (refer note 5.1) or intangible assets (refer note 5.4) and are valued at cost.

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	3 063	6 830
Cash on hand	6	6
<b>Total cash and cash equivalents</b>	<b>3 069</b>	<b>6 836</b>

Cash is measured at nominal amounts.

**Deposits with the Treasurer**

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose. The operating account held with the Treasurer is interest bearing. In November 2020, Treasury advised public authorities that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Therefore, no interest was earned during 2022. Interest re-commenced being paid in February 2023 on cash balances from May 2022.

**6.2. Receivables**

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Receivables	988	1 258
Less impairment loss on receivables	(6)	(9)
Prepayments	142	1 278
Accrued revenues	527	18
GST input tax recoverable	466	701
<b>Total current receivables</b>	<b>2 117</b>	<b>3 246</b>
<b>Total receivables</b>	<b>2 117</b>	<b>3 246</b>

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 impairment loss, 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 10.2 for further information on risk management.

The MFS has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all contractual receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

**Movement in allowance for impairment loss on receivables**

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	9	3
Increase/(decrease) in the allowance	(3)	8
Amounts written off	-	(2)
<b>Carrying amount at the end of the period</b>	<b>6</b>	<b>9</b>

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

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**7. Liabilities**

**7.1. Payables**

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Creditors	1 231	21
Accrued expenses	2 185	3 687
Paid Parental Leave Scheme payable	1	8
Employment on-costs	4 675	4 133
<b>Total current payables</b>	<b>8 092</b>	<b>7 849</b>
<b>Non-current</b>		
Creditors	1	-
Employment on-costs	4 054	3 670
<b>Total non-current payables</b>	<b>4 055</b>	<b>3 670</b>
<b>Total payables</b>	<b>12 147</b>	<b>11 519</b>

Payables and accrued expenses recognised for all amounts owing but unpaid. Contractual 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, ReturntoWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The 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 superannuation schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken has increased to 89.28% from 80.78% in 2022. The average factor for the calculation of employer superannuation on-costs has changed to 15.1% from 14.6% in 2022. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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**7.2. Financial liabilities**

The MFS measures lease liabilities \$1.162 million (2022: \$1.263 million) at discounted future lease payments using either the interest rate implicit in the lease or the DTF's incremental borrowing rate. There were no defaults or breaches throughout the year.

Interest expense paid on lease liabilities during 2022-23 was \$23 000 (2022: \$23 000). The MFS does not capitalise borrowing costs.

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	2023	2022
	\$'000	\$'000
within 1 year	312	314
1 to 5 years	606	603
More than 5 years	325	434
<b>Total lease liabilities (undiscounted)</b>	<b>1 243</b>	<b>1 351</b>

All material cash outflows are reflected in the lease liabilities disclosed above.

**7.3. Provisions**

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	5 954	4 906
Additional compensation	1 751	1 565
<b>Total current provisions</b>	<b>7 705</b>	<b>6 471</b>
<b>Non-current</b>		
Provision for workers compensation	32 682	29 564
Additional compensation	19 608	17 597
<b>Total non-current provisions</b>	<b>52 290</b>	<b>47 161</b>
<b>Total provisions</b>	<b>59 995</b>	<b>53 632</b>
<b>Movement in workers compensation provisions</b>	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>Workers compensation</b>		
Carrying amount at the beginning of the period	34 470	34 119
Reductions arising from payments	(6 805)	(7 626)
Changes from remeasurement	10 971	7 977
<b>Carrying amount at the end of the period</b>	<b>38 636</b>	<b>34 470</b>
<b>Additional compensation</b>		
Carrying amount at the beginning of the period	19 162	16 327
Reductions arising from payments	(1 685)	(1 835)
Changes from remeasurement	3 882	4 670
<b>Carrying amount at the end of the period</b>	<b>21 359</b>	<b>19 162</b>

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**7.3 Provisions (continued)**

**Workers Compensation provision (statutory and additional compensation schemes)**

The MFS is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the MFS is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The additional compensation scheme 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.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

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**8. Other disclosures**

**8.1. Equity**

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

**8.2. Cash flow reconciliation**

	2023	2022
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 069	6 836
Balance as per the Statement of Cash Flows	3 069	6 836
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash provided by operating activities	11 859	20 730
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(8 676)	(8 521)
Net gain/(loss) from disposal of non-current assets	(516)	(853)
CWIP write off	(21)	(39)
Capital accruals	(1 893)	1 017
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	(1 129)	1 277
(Increase)/decrease in payables	(828)	2 141
(Increase)/decrease in employee benefits	(1 572)	9 148
(Increase)/decrease in provisions	(6 363)	(3 186)
<b>Net result</b>	<b>(8 939)</b>	<b>21 714</b>

Total cash outflows for leases for the MFS was \$657 000 (2021-22: \$618 000).



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## 9. Outlook

### 9.1. Unrecognised contractual commitments

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

#### Contractual commitments to acquire property, plant and equipment

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

	2023	2022
	\$'000	\$'000
Within one year	584	1 606
<b>Total capital commitments</b>	<b>584</b>	<b>1 606</b>

These capital commitments are related to the Noarlunga Command Station and vehicle equipment.

#### Other contractual commitments

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

	2023	2022
	\$'000	\$'000
Within one year	3 181	1 612
Later than one year but not later than five years	1 656	1 849
Later than five years	2 566	2 846
<b>Total expenditure commitments</b>	<b>7 403</b>	<b>6 307</b>

MFS's expenditure commitments are for accommodation, agreements for contractual commitments relating to asset maintenance, information technology, protective firefighting equipment and equipment.

### 9.2. 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.

The MFS is not aware of any contingent assets or liabilities.

### 9.3. Impact of standards not yet implemented

The MFS has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the MFS statements.

### 9.4. Events after the reporting period

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

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## 10. Measurement and risk

### 10.1. 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, other than right of use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

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 \$1.0 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.

The 2019-20 valuation highlighted a possibility of the COVID-19 pandemic impacting the determined fair values. However there is no observable evidence that can reliably quantify the impact at the reporting date.

#### Fair value hierarchy

The 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.

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

During 2022 and 2023, the 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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**10.1. Fair value (continued)**

**Land and buildings**

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd as at 1 November 2019. These have been recognised at their carrying amounts from 30 June 2019. The land and buildings values at revaluation were considered relevant for 30 June 2023.

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, fair value was determined by applying an adjustment 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 that had a fair value at the time of acquisition less than \$1.0 million and had an estimated useful life that less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

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## 10.2. Financial instruments

### Financial risk management

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

The exposure of the MFS to 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

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

Refer to note 7.1 and 7.2 for further information.

### Credit risk

The MFS has minimal concentration of credit risk. The MFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The MFS does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the 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. The 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, the 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 the MFS's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the 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.

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**10.2. Financial instruments (continued)**

**Impairment of financial assets (continued)**

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>2023</b>			
Current (not past due)	195	0.14	-
1 - 30 days past due	153	0.24	-
31 - 60 days past due	57	0.66	1
61 - 90 days past due	14	1.37	-
More than 90 days past due	198	2.52	5
<b>Loss allowance</b>	<b>617</b>		<b>6</b>

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 MFS'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 MFS and a failure to make contractual payments for a period of greater than 180 days past due.

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.

**Cash and debt instruments**

The 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.

All of the MFS's debt investments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12 months expected losses. The expected credit loss is nil.

**Market risk**

The MFS does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The agency 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. The MFS's interest bearing liabilities are managed through 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.

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**Classification of financial assets and liabilities**

The MFS measures all financial instruments at amortised cost other than lease liabilities which are measured at the present value of expected future cash payments. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2023 and are expected to be settled within one year excluding financial liabilities. Maturity analysis for financial liabilities is presented in note 7.2.