

# South Australian Metropolitan Fire Service

Financial report  
for the year ended  
30 June 2021



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## **To the Chief Officer South Australian Metropolitan Fire Service**

### **Opinion**

I have audited the financial report of the South Australian Metropolitan Fire Service for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Officer and the Business Manager.

### **Basis for opinion**

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Metropolitan Fire Service. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

## **Responsibilities of the Chief Officer for the financial report**

The Chief Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Officer is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 52(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian Metropolitan Fire Service for the financial year ended 30 June 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.


As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Metropolitan Fire Service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Officer

- conclude on the appropriateness of the Chief Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Officer about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

24 September 2021

# **South Australian Metropolitan Fire Service**

## **Financial Statements**

For the year ended 30 June 2021

**South Australian Metropolitan Fire Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

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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

17 September 2021



Julie Best  
Manager, Financial Services  
South Australian Metropolitan Fire Service  
17 September 2021

**South Australian Metropolitan Fire Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Contributions from the Community Emergency Services Fund	2.1	164 213	152 424
Fees and charges	2.2	4 251	5 707
Commonwealth sourced grants and funding	2.3	1 216	1 175
SA Government grants, subsidies and transfers	2.4	4 110	16 616
Net gain from disposal of non-current assets	2.5	-	1
Interest revenues		3	6
Other income	2.6	954	1 563
<b>Total income</b>		<b>174 747</b>	<b>177 492</b>
<b>Expenses</b>			
Employee benefits	3.3	144 633	123 338
Supplies and services	4.1	20 861	17 989
Grants and subsidies	4.2	40	322
Borrowing costs		25	30
Depreciation and amortisation	4.3	8 290	7 819
Net loss from disposal of non-current assets	2.5	603	-
Other expenses		70	393
<b>Total expenses</b>		<b>174 522</b>	<b>149 891</b>
<b>Net result</b>		<b>225</b>	<b>27 601</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes to asset revaluation surplus		-	49 675
<b>Total other comprehensive income</b>		<b>-</b>	<b>49 675</b>
<b>Total comprehensive result</b>		<b>225</b>	<b>77 276</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 2021*

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	343	5 895
Receivables	6.2	1 969	1 980
<b>Total current assets</b>		<b>2 312</b>	<b>7 875</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	190 105	186 664
Intangible assets	5.4	52	127
<b>Total non-current assets</b>		<b>190 157</b>	<b>186 791</b>
<b>Total assets</b>		<b>192 469</b>	<b>194 666</b>
<b>Current liabilities</b>			
Payables	7.1	9 094	7 195
Employee benefits	3.4	21 396	20 051
Provisions	7.3	5 877	5 475
Financial liabilities	7.2	309	268
<b>Total current liabilities</b>		<b>36 676</b>	<b>32 989</b>
<b>Non-current liabilities</b>			
Payables	7.1	4 566	4 608
Employee benefits	3.4	25 824	26 371
Provisions	7.3	44 569	50 086
Financial liabilities	7.2	1 010	1 013
<b>Total non-current liabilities</b>		<b>75 969</b>	<b>82 078</b>
<b>Total liabilities</b>		<b>112 645</b>	<b>115 067</b>
<b>Net assets</b>		<b>79 824</b>	<b>79 599</b>
<b>Equity</b>			
Asset revaluation surplus	8.1	148 120	148 120
Retained earnings	8.1	(68 296)	(68 521)
<b>Total equity</b>		<b>79 824</b>	<b>79 599</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 2021*

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	98 445	(96 122)	2 323
<b>Net result for 2019-20</b>	-	27 601	27 601
Gain on revaluation of land and buildings during 2019-20	27 282	-	27 282
Gain on revaluation of vehicles during 2019-20	21 406	-	21 406
Gain on revaluation of plant and equipment during 2019-20	987	-	987
<b>Total comprehensive result for 2019-20</b>	<b>49 675</b>	<b>27 601</b>	<b>77 276</b>
<b>Balance at 30 June 2020</b>	<b>148 120</b>	<b>(68 521)</b>	<b>79 599</b>
<b>Net result for 2020-21</b>	-	225	225
<b>Total comprehensive result for 2020-21</b>	-	225	225
<b>Balance at 30 June 2021</b>	<b>148 120</b>	<b>(68 296)</b>	<b>79 824</b>

8.1

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 Cash Flows**  
*for the year ended 30 June 2021*

	2021	2020
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Contributions from the Community Emergency Services Fund	164 213	152 424
SA Government grants, subsidies and transfers	4 498	16 506
Fees and charges	4 251	6 133
Receipts from grants and contributions	1 326	1 285
Interest received	3	6
GST recovered from the Australian Taxation Office	2 306	1 086
Receipts for paid Parental Leave Scheme	39	56
Other receipts	1 342	1 157
<b>Cash generated from operations</b>	<b>177 978</b>	<b>178 653</b>
<b>Cash outflows</b>		
Employee benefits payments	(148 644)	(148 040)
Supplies and services payments	(23 773)	(20 027)
Interest paid	(25)	(30)
Payments for paid Parental Leave Scheme	(40)	(47)
Grants and subsidies payments	(40)	(322)
<b>Cash used in operations</b>	<b>(172 522)</b>	<b>(168 466)</b>
<b>Net cash provided by operating activities</b>	<b>5 456</b>	<b>10 187</b>
	8.2	
<b>Cash flows from investing activities</b>		
<b>Cash outflows</b>		
Purchase of property, plant and equipment	(10 686)	(6 890)
<b>Cash used in investing activities</b>	<b>(10 686)</b>	<b>(6 890)</b>
<b>Net cash used in investing activities</b>	<b>(10 686)</b>	<b>(6 890)</b>
<b>Cash flows from financing activities</b>		
<b>Cash outflows</b>		
Repayment of principal portion of lease liabilities	(322)	(317)
<b>Cash used in financing activities</b>	<b>(322)</b>	<b>(317)</b>
<b>Net cash used in financing activities</b>	<b>(322)</b>	<b>(317)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5 552)</b>	<b>2 980</b>
Cash and cash equivalents at the beginning of the reporting period	5 895	2 915
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>343</b>	<b>5 895</b>
	6.1	

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 2021*

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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 2021

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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 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

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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.

MFS is not subject to Income Tax. MFS is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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.

Significant accounting policies are set out throughout these notes.

##### 1.2. Objectives and programs

###### Objectives

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

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

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

###### Programs

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

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**1.3. Impact of COVID-19 pandemic**

The COVID-19 pandemic has impacted on the operations of MFS and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- Additional expenditure of \$336 000 to keep personnel safe while maintaining service delivery to the community.
- Additional expenditure to support the South Australian response to the COVID-19 pandemic.
- Reduced capital expenditure and delays in supplier delivery time frames due to supplier business restrictions.

The Emergency Services Sector has considered the possible impact of the COVID-19 pandemic on property, plant and equipment valuations and has concluded that there is no observable evidence of what that impact would be at this stage.

**1.4. Budget performance**

The budget performance table compares MFS outcomes against budget information presented to Parliament (2020-21 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 2021 \$'000	Actual 2021 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Income</b>				
Contributions from the Community Emergency Services Fund		164 404	164 213	(191)
Fees and charges		4 941	4 251	(690)
Grants and contributions		1 216	1 216	-
SA government grants, subsidies and transfers		4 025	4 110	85
Interest revenue		112	3	(109)
Other income		180	954	774
<b>Total Income</b>		<b>174 878</b>	<b>174 747</b>	<b>(131)</b>
<b>Expenses</b>				
Employee benefits	(a)	135 677	144 633	8 956
Supplies and services	(b)	16 256	20 861	4 605
Grants and subsidies		-	40	40
Borrowing costs		31	25	(6)
Depreciation and amortisation		8 883	8 290	(593)
Net loss from disposal of non-current assets		-	603	603
Other expenses		1 922	70	(1 852)
<b>Total expenses</b>		<b>162 769</b>	<b>174 522</b>	<b>11 753</b>
<b>Net result</b>		<b>12 109</b>	<b>225</b>	<b>(11 884)</b>
<b>Total comprehensive result</b>		<b>12 109</b>	<b>225</b>	<b>(11 884)</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 The variance in employee benefits expense was mainly due to the up take of leave cancelled in 2019-20 due to COVID and increased sick leave.
- b The variance in supplies and services expense was mainly due to an increase in vehicle and building repairs and maintenance costs.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**1.4 Budget performance (continued)**

	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
<b>Investing expenditure summary</b>				
Total new projects	(a)	3 047	1 512	1 535
Total existing projects	(a)	3 803	2 109	1 694
Total Annual Programs	(a)	<b>11 704</b>	<b>8 350</b>	3 354
<b>Total investing expenditure</b>		<b>18 554</b>	<b>11 971</b>	<b>6 583</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 Original budget is higher than actual expenditure due to delays in supplier delivery timeframes, and supplier business restrictions.

**1.5. 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 Community Emergency Services Fund (refer note 2.1)
- Payment made to Attorney-General's Department for the government radio network for \$2.53 million.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**2. Income**

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Community Emergency Services Fund	164 213	152 424
<b>Net contributions from the Community Emergency Services Fund</b>	<b>164 213</b>	<b>152 424</b>

Contributions from Community Emergency Services Fund (the Fund) are recognised as revenues when MFS obtains control over the funding. Control over contributions is normally obtained upon receipt.

For details on the expenditure associated with the contributions from the Community Emergency Services Fund refer note 3.3 and note 4.

**2.2. Fees and charges**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Fire alarm attendance fees	1 371	2 493
Fire alarm monitoring fees	2 529	2 441
Fire safety fees	272	309
Incident cost recoveries	79	464
<b>Total fees and charges</b>	<b>4 251</b>	<b>5 707</b>

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 MFS satisfies performance obligations by transferring the promised goods or services to its customers.

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

**Fire alarm attendance and fire safety fees**

MFS provide 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*. MFS recognise revenue for these services in arrears once the relevant deliverables have been provided to the customer in line with MFS' legislated responsibilities and internal policies.

MFS is a referral agency under the *Planning, Development and Infrastructure Regulations 2017* and receive revenue from customers for undertaking development assessments in designated bushfire prone areas 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. 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**

MFS undertake fire alarm monitoring services for customers and charge 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. MFS recognise revenue for monitoring services over the time services are provided, with all services delivered by 30 June at the end of the financial year.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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

**Incident recoveries**

MFS provide 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.

**2.3. Commonwealth sourced grants and funding**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Government	1 216	1 175
<b>Total Commonwealth sourced grants and funding</b>	<b>1 216</b>	<b>1 175</b>

Contributions are recorded as an asset and income when MFS obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met, this is generally on receipt.

Commonwealth grant funding for 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 contributions received from the Commonwealth are contributions with unconditional stipulations.

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital Program	4 000	-
Intra government transfer	110	16 616
<b>Total SA Government grants, subsidies and transfers</b>	<b>4 110</b>	<b>16 616</b>

SA Government grants, subsidies and transfers are recognised as income on receipt.

Capital Program is related to the funding from DTF for accelerated station upgrades and appliance replacements.



**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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

	2021	2020
	\$'000	\$'000
<b>Vehicles</b>		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	(552)	-
<b>Net gain / (loss) from disposal of vehicles</b>	<b>(552)</b>	<b>-</b>
<b>Plant and equipment</b>		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	(6)	-
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(6)</b>	<b>-</b>
<b>Intangibles</b>		
Net proceeds from disposal	-	-
Less: Net book value of assets disposed	(46)	-
<b>Net gain/(loss) from disposal of computer software</b>	<b>(46)</b>	<b>-</b>
<b>Total assets</b>		
Net proceeds from disposal	-	-
Less net book value of assets disposed	(604)	-
<b>Net gain/(loss) on disposal of owned assets</b>	<b>(604)</b>	<b>-</b>
<b>Gain/(loss) on modification of right-of-use assets</b>	<b>1</b>	<b>1</b>
<b>Total net gain/ (loss) from disposal of non-current assets</b>	<b>(603)</b>	<b>1</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.

Gains/losses on modification of right-of-use (ROU) assets include the derecognition of the ROU assets (note 5.1) and associated lease liabilities (note 7.2) where the lease terms and conditions were modified during the current year.

**2.6. Other income**

	2021	2020
	\$'000	\$'000
Insurance recoveries	40	10
Assets received free of charge	-	8
Salary recoveries	50	57
Sundry revenues	480	1 064
Rent of premises	365	382
Other	19	42
<b>Total other income</b>	<b>954</b>	<b>1 563</b>

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

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

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**3. Board, committees and employees**

**3.1. Key management personnel**

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

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

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	510	503
Post-employment benefits	71	59
<b>Total compensation</b>	<b>581</b>	<b>562</b>

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

The Department 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 2021 were:

**South Australian Metropolitan Fire Service Disciplinary Committee**

L D P Holland  
R Thompson\*  
S J Smithson\*  
B Robertson\*

\* 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:

	2021	2020
\$0 - \$19 999	4	6
<b>Total number of members</b>	<b>4</b>	<b>6</b>

The total remuneration received or receivable by members was \$6 000 (2020: \$5 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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

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**3.3. Employee benefits expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	103 314	103 917
Workers compensation	232	(18 764)
Employment on-costs - superannuation	15 900	14 364
Annual leave	13 246	13 232
Long service leave	1 771	931
Payroll tax	6 696	6 614
Skills and experience retention leave	1 021	1 076
Additional compensation	2 178	1 631
Board fees	5	5
Other employment related expenses	270	332
<b>Total employee benefits expenses</b>	<b>144 633</b>	<b>123 338</b>

**Employment on-costs – superannuation**

The superannuation employment on-cost charge represents MFS's contributions to superannuation plans in respect of current services of current employees. There are no liabilities for payments to beneficiaries recognised by MFS as they have been assumed by the respective superannuation schemes.

**Employee Remuneration**

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

	<b>Employees</b>	
	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
\$154 001 to \$174 000	143	123
\$174 001 to \$194 000	43	45
\$194 001 to \$214 000	16	16
\$214 001 to \$234 000	4	7
\$234 001 to \$254 000	6	2
\$254 001 to \$274 000	2	-
\$274 001 to \$294 000	-	1
\$294 001 to \$314 000	-	1
\$314 001 to \$334 000	1	-
<b>Total</b>	<b>215</b>	<b>195</b>

The total remuneration received by these employees for the year was \$37.44 million (2020: \$34.18 million).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left MFS.

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**3.4. Employee benefits liability**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	12 901	11 946
Accrued salaries and wages	3 817	3 381
Long service leave	2 716	2 865
Skills and experience retention leave	1 962	1 859
<b>Total current employee benefits</b>	<b>21 396</b>	<b>20 051</b>
<b>Non-current</b>		
Long service leave	25 824	26 371
<b>Total non-current employee benefits</b>	<b>25 824</b>	<b>26 371</b>
<b>Total employee benefits</b>	<b>47 220</b>	<b>46 422</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

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

**Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the project unit credit methods. Details about the measurement of long service leave liability is provided as note 10.1.

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**4. Expenses**

Employee benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Property costs	3 876	3 129
Vehicles	2 672	3 431
Government radio network	2 532	2 373
Consultancy, contractors and legal fees	2 754	1 518
Computing costs	1 349	1 723
Operational costs	3 419	1 629
Uniforms and protective clothing	1 386	924
Travel and training	489	742
Communications	584	604
Insurance premiums	329	354
Low-value leases	187	116
Other expenses	1 284	1 446
<b>Total supplies and services</b>	<b>20 861</b>	<b>17 989</b>

**Other**

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the *Public Finance and Audit Act* were \$30 000 (2020: \$30 000). These costs are recognised in 'Other expenses' above. No other services were provided by the Auditor-General's Department.

**Leases**

MFS recognises lease payments associated with low value leases (less than (\$15 000) 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 that fell within the following bands:

	<b>No.</b>	<b>2021</b>	<b>No.</b>	<b>2020</b>
		<b>\$'000</b>		<b>\$'000</b>
Below \$10 000	5	19	6	23
\$10 000 or above	2	195	5	339
<b>Total paid / payable to the consultants engaged</b>	<b>7</b>	<b>214</b>	<b>11</b>	<b>362</b>

**4.2. Grants and subsidies**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Recurrent grants	40	322
<b>Total grants and subsidies</b>	<b>40</b>	<b>322</b>

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**4.3. Depreciation and amortisation**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Vehicles	3 902	3 824
Right-of-use vehicles	238	242
Buildings	3 262	2 902
Right-of-use buildings	87	89
Plant and equipment	369	308
Communications equipment	322	294
Computer equipment	81	84
<b>Total depreciation</b>	<b>8 261</b>	<b>7 743</b>
<b>Amortisation</b>		
Computer software	29	76
<b>Total amortisation</b>	<b>29</b>	<b>76</b>
<b>Total depreciation and amortisation</b>	<b>8 290</b>	<b>7 819</b>

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

**Useful life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	1-44
Vehicles	1-20
Communications equipment	1-10
Plant and equipment	1-15
Computer equipment	3-10
Computer software	5
ROU Assets	1 - 12

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

**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.

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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

	2021 \$'000	2020 \$'000
<b>Land and buildings</b>		
Land at fair value (existing use)	61 801	61 801
<b>Total land and buildings</b>	<b>61 801</b>	<b>61 801</b>
<b>Buildings</b>		
Buildings at fair value	75 358	68 050
Accumulated depreciation	(5 326)	(2 064)
<b>Total buildings</b>	<b>70 032</b>	<b>65 986</b>
<b>Vehicles</b>		
Vehicles at fair value	49 402	46 415
Accumulated depreciation	(6 450)	(2 549)
<b>Total vehicles</b>	<b>42 952</b>	<b>43 866</b>
<b>Communications (Comms.) equipment</b>		
Communications equipment at fair value	2 056	1 996
Accumulated depreciation	(521)	(199)
<b>Total communications equipment</b>	<b>1 535</b>	<b>1 797</b>
<b>Computer equipment</b>		
At cost (deemed fair value) - computer equipment	513	513
Accumulated depreciation	(125)	(44)
<b>Total computer equipment</b>	<b>388</b>	<b>469</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	3 968	3 417
Accumulated depreciation	(564)	(196)
<b>Total plant and equipment</b>	<b>3 404</b>	<b>3 221</b>
<b>Capital work in progress</b>		
Capital works in progress at cost (deemed fair value)	8 691	8 257
<b>Total capital work in progress</b>	<b>8 691</b>	<b>8 257</b>
<b>Right-of-use buildings</b>		
Right-of-use buildings at cost	1 084	1 061
Accumulated depreciation	(176)	(89)
<b>Total right-of-use buildings</b>	<b>908</b>	<b>972</b>
<b>Right-of-use vehicles</b>		
Right-of-use vehicles at cost	652	502
Accumulated depreciation	(258)	(207)
<b>Total right-of-use vehicles</b>	<b>394</b>	<b>295</b>
<b>Total property, plant and equipment</b>	<b>190 105</b>	<b>186 664</b>

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**5.2. Property, plant and equipment owned by MFS**

Property, plant and equipment owned by MFS with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by MFS is recorded at fair value. Detail about MFS' approach to fair value is set out in note 10.2.

**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.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. 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.

**Reconciliation 2020-21**

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipme nt \$'000	Computer equipment \$'000	Plant & equipme nt \$'000	Work in progress \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	61 801	65 986	43 866	1 797	469	3 221	8 257	185 397
Acquisitions	-	-	-	-	-	-	11 970	11 970
Transfers from capital WIP	-	7 308	3 540	60	-	558	(11 466)	-
Depreciation	-	(3 262)	(3 902)	(322)	(81)	(369)	-	(7 936)
Disposals	-	-	(552)	-	-	(6)	-	(558)
CWIP write off	-	-	-	-	-	-	(70)	(70)
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>70 032</b>	<b>42 952</b>	<b>1 535</b>	<b>388</b>	<b>3 404</b>	<b>8 691</b>	<b>188 803</b>

**Reconciliation 2019-20**

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipme nt \$'000	Computer equipment \$'000	Plant & equipme nt \$'000	Work in progress \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	48 385	54 498	26 028	1 696	167	2 298	3 567	136 639
Acquisitions	-	-	-	-	-	-	6 890	6 890
Transfers from capital WIP	6	518	256	117	82	826	(1 807)	(2)
Depreciation	-	(2 902)	(3 824)	(294)	(84)	(308)	-	(7 412)
Disposals	-	-	-	-	-	-	(393)	(393)
Revaluation increment	13 410	13 872	21 406	278	304	405	-	49 675
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>65 986</b>	<b>43 866</b>	<b>1 797</b>	<b>469</b>	<b>3 221</b>	<b>8 257</b>	<b>185 397</b>



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

Right-of-use assets for property, plant and equipment leased by the MFS as the lessee are measured at cost and there was no indication of impairment. Additions to leased property, plant and equipment during 2020-21 were \$190.11 million.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 3.1.

The department has a limited number of leases:

- 52 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 related to the right-of-use assets and interest expense are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 10.3. Depreciation expense is disclosed in notes 4.3. Cash outflows related to leases are disclosed in note 8.2. MFS has not committed to any lease arrangements that have not commenced from 1 July.

**5.4. Intangible assets**

	2021 \$'000	2020 \$'000
<b>Software</b>		
Computer software	336	451
Accumulated amortisation	(284)	(324)
<b>Total intangibles</b>	<b>52</b>	<b>127</b>

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. 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.

	Computer software \$'000
<b>Reconciliation 2020-21</b>	
Carrying amount at the beginning of the period	127
Amortisation	(29)
Disposals	(46)
Carrying amount at the end of the period	<b>52</b>

	Computer software \$'000
<b>Reconciliation 2019-20</b>	
Carrying amount at the beginning of the period	201
Transfers from capital WIP	2
Amortisation	(76)
Carrying amount at the end of the period	<b>127</b>

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	2021 \$'000	2020 \$'000
Deposits with the Treasurer	337	5 889
Cash on hand	6	6
<b>Total cash and cash equivalents</b>	<b>343</b>	<b>5 895</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. One operating account is held with the Treasurer. This account is interest bearing.

**Interest rate risk**

Cash on hand is non-interest bearing. MFS does not earn interest on its deposits with the Treasurer. The carrying amount of cash and cash equivalents represent fair value.

**6.2. Receivables**

	2021 \$'000	2020 \$'000
<b>Current:</b>		
Receivables	940	764
Less impairment loss on receivables	(3)	(2)
Prepayments	327	132
Accrued revenues	24	682
GST input tax recoverable	681	404
<b>Total current receivables</b>	<b>1 969</b>	<b>1 980</b>
<b>Total receivables</b>	<b>1 969</b>	<b>1 980</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 10.3 for further information on risk management.

The net amount of GST recoverable from the ATO is included as part of receivables.

**Allowance for impairment loss on receivables**

	2021 \$'000	2020 \$'000
<b>Carrying amount at the beginning of the period</b>	<b>2</b>	<b>8</b>
Increase/(decrease) in the allowance	9	-
Amounts written off	(8)	(6)
<b>Carrying amount at the end of the period</b>	<b>3</b>	<b>2</b>

Impairment losses relate to contract with customers external to SA Government. Refer to note 10 for details regarding credit risk and the methodology for determining impairment.

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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	53	399
Accrued expenses	4 431	2 534
Paid Parental Leave Scheme payable	6	9
Employment on-costs	4 604	4 253
<b>Total current payables</b>	<b>9 094</b>	<b>7 195</b>
<b>Non-current</b>		
Creditors	3	3
Employment on-costs	4 563	4 605
<b>Total non-current payables</b>	<b>4 566</b>	<b>4 608</b>
<b>Total payables</b>	<b>13 660</b>	<b>11 803</b>

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

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

**Employment on-costs**

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

MFS makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF) has resulted in the percentage of the proportion of long service leave taken as leave has changed from the 2020 rate 87.71% to 89.17% and the average factor for the calculation of employer superannuation cost on-cost remained at 13.5%. 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**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Lease liabilities	309	268
<b>Total current financial liabilities</b>	<b>309</b>	<b>268</b>
<b>Non-current</b>		
Lease liabilities	1 010	1 013
<b>Total non-current financial liabilities</b>	<b>1 010</b>	<b>1 013</b>
<b>Total financial liabilities</b>	<b>1 319</b>	<b>1 281</b>

The MFS measures lease liabilities at discounted future lease payments using either the interest rate implicit in the lease or the Department of Treasury and Finance's incremental borrowing rate. There were no defaults or breaches throughout the year.

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

Interest expense paid on lease liabilities during 2020-21 was \$25 000 (2019-20 \$30 000). MFS does not capitalise borrowing costs.

**7.3. Provisions**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	4 761	4 917
Additional compensation	1 116	558
<b>Total current provisions</b>	<b>5 877</b>	<b>5 475</b>
<b>Non-current</b>		
Provision for workers compensation	29 358	36 496
Additional compensation	15 211	13 590
<b>Total non-current provisions</b>	<b>44 569</b>	<b>50 086</b>
<b>Total provisions</b>	<b>50 446</b>	<b>55 561</b>
<b>Movement in provisions</b>		
	2021	2020
	\$'000	\$'000
<b>Workers compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>41 413</b>	<b>66 252</b>
Reductions arising from payments	(7 526)	(18 765)
Changes resulting from re-measurement	232	(6 074)
<b>Carrying amount at the end of the period</b>	<b>34 119</b>	<b>41 413</b>
<b>Additional compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>14 148</b>	<b>12 953</b>
Additional provisions recognised	3 927	1 632
Reductions arising from payments	(1 748)	(437)
<b>Carrying amount at the end of the period</b>	<b>16 327</b>	<b>14 148</b>

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**7.3. Provisions (continued)**

**Workers Compensation**

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision was calculated in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

MFS is responsible for the payment of workers compensation claims.

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect in 2013. The workers compensation provision includes an actuarial assessment of firefighter cancer claims. However, the actuarial assessment is sensitive to changes in assumptions and there is a significant degree of uncertainty associated with estimating future claim and expense payments.

The provision has decreased in 2021 based on observed reduction in the number of incurred but not reported cancer claims and a reduction in the average claim cost.

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

Additional compensation was introduced in 2018 and provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme.

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision was calculated in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported (IBNR) applications. No risk margin is included in the estimate.

MFS is responsible for the payment of additional compensation claims.

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

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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**

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.

Total cash outflows for leases for MFS was \$533 000 (2019-20: \$463 000).

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<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	343	5 895
Balance as per the Statement of Cash Flows	343	5 895
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash provided by operating activities	5 456	10 187
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(8 290)	(7 819)
Adjustments on initial adoption of AASB 9	-	1
Net gain/(loss) from disposal of non-current assets	(603)	1
Other expenses	-	(393)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	(11)	766
(Increase)/decrease in payables	( 644)	1 001
(Increase)/decrease in employee benefits	(798)	213
(Increase)/decrease in provisions	5 115	23 644
<b>Net result</b>	<b>225</b>	<b>27 601</b>

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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.

**Capital commitments**

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

	2021	2020
	\$'000	\$'000
Within one year	13 132	2 739
Later than one year but not later than five years	1 555	-
<b>Total capital commitments</b>	<b>14 687</b>	<b>2 739</b>

These capital commitments are for vehicles and Noarlunga Station.

**Expenditure commitments**

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

	2021	2020
	\$'000	\$'000
Within one year	6 612	3 743
Later than one year but not later than five years	2 010	3 534
<b>Total expenditure commitments</b>	<b>8 622</b>	<b>7 277</b>

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

The above commitments figures do not include the cost of the new Emergency Services Headquarters that parts of the sector will be relocating to in late 2021 as the agreement is not yet finalised.

**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.

MFS is not aware of any contingent assets or liabilities.

**9.3. Impact of standards and statements not yet effective**

MFS has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to MFS, this amending standard is not expected to have an impact on MFS's general purpose financial statements. MFS will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

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Amending Standard AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current will apply from 1 July 2023. The Department continues to assess liabilities eg LSL and whether or not MFS has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

**9.4. COVID-19 pandemic outlook for MFS**

The COVID-19 pandemic will continue to impact the operations of MFS in 2021-22. The key expected impacts are:

- Further significant outbreaks of the COVID-19 pandemic in South Australia would see greater response measures with associated additional expenses.
- Additional expenditure to keep MFS personnel safe while maintaining service delivery to the community.
- Additional expenditure may be incurred due to supplier business restrictions.
- Delays in the delivery of capital programs and increase capital expenditure due to supplier business restrictions and demand.

**9.5. Events after the reporting period**

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

**10. Measurement and risk**

**10.1. Long service leave**

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the police and emergency services sector.

AASB 119 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 to 1.50% in 2020-21 (2019-20: 1.00%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an 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 decrease in both the long service leave liability and employee benefits expense of \$1.293 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 left the salary inflation rate at 2.50% 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.



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**10.2. Fair value**

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

**Initial Recognition**

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

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

**Revaluation**

Property, plant and equipment, other than right of use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by MFS each year.

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

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

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

The 2019 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**

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in active market and are derived from unobservable inputs.

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

During 2021 and 2020, 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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**10.2. Fair value (continued)**

**Fair value classification – non-financial assets at 30 June 2021**

	Note	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>			
Land	5	61 801	61 801
Buildings	5	70 032	70 032
Vehicles	5	42 952	42 952
Communication equipment	5	1 535	1 535
Computer equipment	5	388	388
Plant and equipment	5	3 404	3 404
<b>Total recurring fair value measurements</b>		<b>180 112</b>	<b>180 112</b>
<b>Total fair value measurements</b>		<b>180 112</b>	<b>180 112</b>

**Fair value classification – non-financial assets at 30 June 2020**

	Note	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>			
Land	5	61 801	61 801
Buildings	5	65 986	65 986
Vehicles	5	43 866	43 866
Communication equipment	5	1 797	1 797
Computer equipment	5	469	469
Plant and equipment	5	3 221	3 221
<b>Total recurring fair value measurements</b>		<b>177 140</b>	<b>177 140</b>
<b>Total fair value measurements</b>		<b>177 140</b>	<b>177 140</b>

**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 2021.

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 \$1.5 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. Fair value (continued)**

**Reconciliation of level 3 recurring fair value measurement at 30 June 2021**

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

**Reconciliation of level 3 recurring fair value measurements at 30 June 2021**

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>61 801</b>	<b>65 986</b>	<b>43 866</b>	<b>1 797</b>	<b>469</b>	<b>3 221</b>	<b>177 140</b>
Capitalised asset transfers	-	7 308	3 540	60	-	558	11 466
Disposals	-	-	(552)	-	-	(6)	( 558)
Gains/(losses) for the period recognised in net result:	-	-	-	-	-	-	-
Depreciation and amortisation	-	(3 262)	(3 902)	(322)	(81)	(369)	(7 936)
Total losses recognised in net result	-	(3 262)	(3 902)	(322)	(81)	(369)	(7 486)
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>70 032</b>	<b>42 952</b>	<b>1 535</b>	<b>388</b>	<b>3 404</b>	<b>180 112</b>

**Reconciliation of level 3 recurring fair value measurements at 30 June 2020**

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>43 075</b>	<b>51 456</b>	<b>26 028</b>	<b>1 696</b>	<b>167</b>	<b>2 298</b>	<b>124 720</b>
Capitalised asset transfers	6	518	256	117	82	826	1 805
Gains/(losses) for the period recognised in net result:	-	-	-	-	-	-	-
Depreciation	-	(2 902)	(3 824)	(294)	(84)	(308)	(7 412)
Transfer into Level 3	5 310	3 042	-	-	-	-	8 352
Total losses recognised in net result	<b>5 310</b>	<b>140</b>	<b>(3 824)</b>	<b>(294)</b>	<b>(84)</b>	<b>(308)</b>	<b>940</b>
Gains for the period recognised in other comprehensive income (OCI)	-	-	-	-	-	-	-
Revaluation increments	13 410	13 872	21 406	278	304	405	49 675
Total gains recognised in OCI	<b>13 410</b>	<b>13 872</b>	<b>21 406</b>	<b>278</b>	<b>304</b>	<b>405</b>	<b>49 675</b>
<b>Carrying amount at the end of the period</b>	<b>61 801</b>	<b>65 986</b>	<b>43 866</b>	<b>1 797</b>	<b>469</b>	<b>3 221</b>	<b>177 140</b>

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**10.3. Financial instruments**

**Financial risk management**

Risk management is managed by MFS corporate services section and 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 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 MFS is unable to meet its financial obligations as they fall due. MFS is funded principally from the Fund. MFS works with the Fund to determine the cash flows associated with its government-approved program of work to ensure funding meets the expected cash flows.

Refer to note 7.1 and 7.2 for further information.

**Credit risk**

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

**Impairment of financial assets**

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

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

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

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

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

The 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>2021</b>			
Current (not past due)	114	0.14	-
1 - 30 days past due	61	0.37	-
31 - 60 days past due	8	0.70	-
61 - 90 days past due	8	0.87	-
More than 90 days past due	226	0.96	3

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**10.3. Financial instruments (continued)**

**Impairment of financial assets (continued)**

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 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 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**

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 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**

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 *T1 23 Management of Foreign Currency Exposures*.

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

**Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

**Classification of financial instruments**

MFS measures all financial instruments at amortised cost excluding lease liabilities which are measured at the present value of expected future cash payments

**Maturity analysis of financial instruments**

MFS financial assets and liabilities carrying amount represents their fair value and are expected to be settled within one year excluding lease liabilities for which undiscounted cash flows maturity analysis is disclosed in the below table.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease Liabilities</b>		
within 1 year	305	268
1 to 5 years	598	1 013
More than 5 years	512	-
<b>Total lease liabilities (undiscounted)</b>	<b>1 415</b>	<b>1 281</b>