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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 2026.

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 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information 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 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 that 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 2026.

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.

A handwritten signature in black ink, appearing to read 'Daniel O'Donohue', followed by a long horizontal flourish.

Daniel O'Donohue
Deputy Auditor-General

18 September 2026

South Australian Metropolitan Fire Service

Financial Statements

For the year ended 30 June 2026

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South Australian Metropolitan Fire Service
Certification of the Financial Statements
For the year ended 30 June 2026

We certify that the:

- financial statements of the South Australian Metropolitan Fire Service:
 - are prepared in compliance 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.



Jeff Swann
Chief Officer
South Australian Metropolitan Fire Service
11th September 2026



Jarrad Cibich
Business Manager
South Australian Metropolitan Fire Service
11 September 2026

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
For the year ended 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Income			
Contributions from the Community Emergency Services Fund	3.1	195 208	189 790
Appropriation	3.2	19 883	18 525
Fees and charges	3.3	8 103	6 937
Grants and subsidies	3.4	1 676	1 612
Intra-government transfers	3.5	5 247	159
Interest revenues		93	211
Other income	3.7	1 480	1 360
Total income		231 690	218 594
Expenses			
Employee related expenses	4.1	193 683	181 138
Supplies and services	4.2	24 965	24 614
Depreciation and amortisation	5.4, 5.7	9 534	8 324
Grants and subsidies		-	74
Borrowing costs		19	33
Net loss from disposal of non-current assets	3.6	649	992
Other expenses	4.3	741	258
Total expenses		229 591	215 433
Net result		2 099	3 161
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes to asset revaluation surplus		-	121 843
Total other comprehensive income		-	121 843
Total comprehensive result		2 099	125 004

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 2026

	Note	2026 \$'000	2025 \$'000
Current assets			
Cash and cash equivalents	5.2	6 625	4 416
Receivables	5.3	2 946	2 444
Total current assets		9 571	6 860
Non-current assets			
Property, plant and equipment	5.4	336 906	335 432
Capital works in progress	5.8	35 459	29 218
Intangible assets	5.7	7	44
Total non-current assets		372 372	364 694
Total assets		381 943	371 554
Current liabilities			
Payables	6.2	3 684	5 443
Employee related liabilities	6.4	25 831	26 524
Provisions	6.5	16 057	12 595
Other financial liabilities	6.3	197	104
Total current liabilities		45 769	44 666
Non-current liabilities			
Employee related liabilities	6.4	24 921	25 327
Provisions	6.5	72 679	65 209
Other financial liabilities	6.3	826	703
Total non-current liabilities		98 426	91 239
Total liabilities		144 195	135 905
Net assets		237 748	235 649
Equity			
Asset revaluation surplus	7.1	299 180	299 180
Retained earnings	7.1	(61 432)	(63 531)
Total equity		237 748	235 649

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 2026

	Note	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2024		177 337	(66 692)	110 645
Net result for 2024-25		-	3 161	3 161
Gain on revaluation of land during 2024-25	5.4	123 174	-	123 174
Gain on revaluation of vehicles during 2024-25		(2 330)	-	(2 330)
Gain on revaluation of plant and equipment during 2024-25		999	-	999
Total comprehensive result for 2024-25		121 843	3 161	125 004
Original Balance at 30 June 2025		299 180	(63 531)	235 649
Net result for 2025-26		-	2 099	2 099
Total comprehensive result for 2025-26		-	2 099	2 099
Balance at 30 June 2026	7.1	299 180	(61 432)	237 748

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 2026

		2026	2025
	Note	\$'000	\$'000
Cash flows from operating activities			
<u>Cash inflows</u>			
Contributions from the Community Emergency Services Fund		195 208	189 790
Appropriation		19 883	18 525
Intra-government transfers		5 122	212
Fees and charges		7 983	7 248
Grants and funding		1 756	1 671
Investment and interest received		93	211
GST recovered		4 305	2 236
Other receipts		1 306	1 299
<u>Cash outflows</u>			
Employee related payments		(183 819)	(175 126)
Payments for supplies and services		(34 723)	(26 404)
Interest paid		(19)	(33)
Payments of grants and subsidies		-	(74)
Net cash from operating activities	7.2	17 095	19 555
Cash flows from investing activities			
<u>Cash inflows</u>			
Proceeds from the sale of property, plant and equipment		44	48
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(14 806)	(17 262)
Net cash used in investing activities		(14 762)	(17 214)
Cash flows from financing activities			
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(124)	(355)
Net cash used in financing activities		(124)	(355)
Net increase / (decrease) in cash and cash equivalents		2 209	1 986
Cash and cash equivalents at the beginning of the reporting period		4 416	2 430
Cash and cash equivalents at the end of the reporting period	5.2	6 625	4 416

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 2026

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.

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.

Material accounting policy information is set out in the notes of the financial statements.

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 2026

1.2 Objectives and programs

Objectives

The MFS is established under the Act and is responsible 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 compliance 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 2026

1.3 Budget performance

The budget performance table compares the MFS outcomes against budget information presented to Parliament (2025-26 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 2026 \$'000	Actual 2026 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Contributions from the Community Emergency Services Fund		196 513	195 208	(1 305)
Appropriation	(a)	3 538	19 883	16 345
Fees and charges		6 368	8 103	1 735
Grants and subsidies		-	1 676	1 676
Intra-government transfers		-	5 247	5 247
Interest revenue		61	93	32
Other income		534	1 480	946
Total Income		207 014	231 690	24 676
Expenses				
Employee related expenses	(b)	161 917	193 683	31 766
Supplies and services		15 529	24 965	9 436
Borrowing costs		16	19	3
Depreciation and amortisation		7 954	9 534	1 580
Net loss from disposal of non-current assets		-	649	649
Other expenses	(c)	10 970	741	(10 229)
Total expenses		196 386	229 591	33 205
Net result		10 628	2 099	(8 529)
Total comprehensive result		10 628	2 099	(8 529)

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 and Finance (DTF) to address funding shortfalls.
- b) Primarily due to outcome of MFS Enterprise Agreement 2025, overtime required to cover leave and other backfill requirements and cost of recruit squad.
- c) Actual expenditure for Workers Compensation has been reclassified to Employee related expenses.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.3. Budget performance (continued)

	Note	Original budget 2026 \$'000	Actual 2026 \$'000	Variance \$'000
Investing expenditure summary				
Total existing projects	(d)	11 518	12 972	1 454
Total Annual Programs	(e)	7 129	4 913	(2 216)
Total investing expenditure		18 647	17 885	(762)

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.

- d) Due to timing of appliance builds.
- e) Due to delays in meeting project milestones.

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 of \$195.208 million (refer note 3.1).
- Payment to the Attorney-General's Department for the government radio network of \$3.058 million (refer note 4.2).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

2. Board, committees and employees

2.1 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*.

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	558	552
Post-employment benefits	69	66
Total compensation	627	618

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.

2.2 Remuneration of board and committee members

Members of boards and committees during 2026 were:

South Australian Metropolitan Fire Service Disciplinary Committee

L D P Holland (Chair)
P Rogers*
A Westbrook*
J Abbott*

* In compliance 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:

	2026	2025
	No.	No.
\$0	3	5
\$1 - \$19 999	1	1
Total number of members	4	6

The total remuneration received or receivable by members was \$3 300 (2025: \$5 600). 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 2026

3. Income

3.1 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 \$195 208 million (2025: \$189.790 million).

3.2 Appropriation

	2026 \$'000	2025 \$'000
Appropriation		
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	3 538	3 525
Appropriation from Governor's Appropriation Fund	16 345	15 000
Total appropriation	19 883	18 525

Appropriation is recognised on receipt.

3.3 Fees and charges

	2026 \$'000	2025 \$'000
Fire alarm attendance fees	3 687	3 276
Fire alarm monitoring fees	3 722	3 089
Fire safety fees	624	572
Incident cost recoveries	70	-
Total fees and charges	8 103	6 937

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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

3.3 Fees and charges (continued)

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.

3.4 Grants and subsidies

Commonwealth sourced grants \$1.667 million (2025: \$1.603 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.

	2026	2025
	\$'000	\$'000
Commonwealth Government	1 667	1 603
Private industry and local government	9	9
Total Grants and subsidies	1 676	1 612

3.5 Intra-government transfers

	2026	2025
	\$'000	\$'000
Contingency funding provided by the Department of Treasury and Finance	5 092	9
Intra government transfer	155	150
Total intra-government transfers	5 247	159

Intra-government transfers are recognised under *AASB 1058 Income of Not-for-Profit Entities*. Cash injections from DTF address MFS cost pressures and cash shortfalls.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

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

	2026	2025
	\$'000	\$'000
Vehicles		
Net proceeds from disposal	-	48
Less net book value of assets disposed	(27)	(1 051)
Net gain / (loss) from disposal of vehicles	(27)	(1 003)
Plant and equipment		
Net proceeds from disposal	44	-
Less net book value of assets disposed	(666)	-
Net gain / (loss) from disposal of plant and equipment	(622)	-
Total assets:		
Net proceeds from disposal	44	48
Less net book value of assets disposed	(693)	(1 051)
Net gain / (loss) from disposal of owned assets	(649)	(1 003)
Gain/(loss) on modification of right-of-use assets	-	11
Total net gain / (loss) from disposal of non-current assets	(649)	(992)

Gains/losses on disposal are recognised at the date at 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.

3.7 Other income

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.

	2026	2025
	\$'000	\$'000
Donated assets	43	-
Property income	750	716
Salary recoveries	492	454
Sundry revenues	109	27
Insurance recoveries	56	93
Donations	-	64
Recoveries from legal cases	-	2
Other recoveries	-	-
Other	30	4
Workers' compensation recoveries	-	-
Total other income	1 480	1 360

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4. Expenses

4.1 Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	121 111	119 326
Superannuation	20 804	19 495
Workers compensation	23 834	15 568
Annual leave	16 632	14 374
Other employee related expenses	340	418
Long service leave	3 379	3 598
Payroll tax	7 996	7 730
Skills and experience retention leave	1 332	1 299
Targeted voluntary separation payments	-	169
Additional compensation	(1 748)	(844)
Board and committee fees	3	5
Total employee related expenses	193 683	181 138

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

The superannuation expense 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	
	2026	2025
	No.	No.
\$171 001 to \$177 000 *	N/a	26
\$177 001 to \$197 000	113	102
\$197 001 to \$217 000	86	78
\$217 001 to \$237 000	46	36
\$237 001 to \$257 000	22	6
\$257 001 to \$277 000	7	1
\$357 001 to \$377 000	1	1
\$437,001 to \$457,000	-	1
Total	275	251

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2024-25.

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 \$56.91 million (2025: \$50.35 million).

The number of employees included in the banding for 2026 has increased from 2025 predominantly due to introduction of the new enterprise bargaining agreement and the payment of overtime penalties.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4.1 Employee related expenses (continued)

Targeted voluntary separation packages (TVSP's)

The number of employees who received a TVSP during the reporting period was nil (2025:1).

	2026	2025
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	-	141
Leave paid to separated employees	-	28
Net cost to the agency	-	169

4.2 Supplies and services

	2026	2025
	\$'000	\$'000
Property costs	4 547	4 138
Government radio network	3 058	2 990
Vehicles	2 956	2 902
Computing costs	2 220	1 727
Consultancy	2 390	1 373
Contractors	1 750	2 239
Uniforms and protective clothing	1 622	2 674
Operational costs	1 475	1 597
Communications	811	788
Travel and training	724	717
Insurance premiums	655	651
Legal fees	563	428
Accommodation	299	291
Postage and freight	74	43
Shared Services SA fees	58	61
Low-value leases	48	63
Other expenses	1 715	1 932
Total supplies and services	24 965	24 614

Accommodation

A part of the MFS's accommodation is provided by the Department for Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangements (MoAA) issued in compliance 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 Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$62 200 (2025: \$59 000). No other services were provided by the Audit Office of South Australia.

Leases

The 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

4.3 Other Expenses

	2026	2025
	\$'000	\$'000
Donated assets	132	120
Other	189	94
Derecognition of assets	420	44
Total other expenses	741	258

5. Assets

5.1 Financial assets

	2026	2025
	\$'000	\$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	6 625	4 416
Receivables	1 895	1 094
Total financial assets	8 520	5 510

All financial assets are measured at amortised cost.

5.2 Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Deposits with the Treasurer	6 619	4 410
Cash on hand	6	6
Total cash and cash equivalents in the Statement of Financial Position	6 625	4 416
Total cash and cash equivalents in the Statement of Cash Flows	6 625	4 416

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 compliance with their approved purpose. One operating account is held with the Treasurer. This account is interest bearing.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2026

5.3 Receivables

	2026	2025
	\$'000	\$'000
Current		
Contractual receivables		
Receivables	1 898	1 100
Less impairment loss on receivables	(3)	(6)
Prepayments	313	189
Accrued revenues	82	106
GST	656	1 055
Total current receivables	2 946	2 444
 Total receivables	 2 946	 2 444

All receivables are non-interest bearing. They are held with the objective of collecting the contractual cash flows.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Contractual receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other than as recognised in the allowance for impairment loss on contractual receivables, 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 9.2 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.

Allowance for impairment loss on contractual receivables

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	6	5
Increase/(decrease) in the allowance	(3)	1
Carrying amount at the end of the period	3	6

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 9.2 for details regarding credit risk and the methodology for determining impairment.

South Australian Metropolitan Fire Service
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5.4 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 2025-26

	Land \$'000	Buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	182 401	105 436	43 996	2 824	775	335 432
Acquisitions	-	-	-	-	340	340
Transfers from capital WIP ⁽¹⁾	-	5 035	6 003	415	-	11 453
Disposals	-	-	-	(667)	-	(667)
Remeasurement	-	-	-	-	4	4
Donated assets provided	-	-	(159)	-	-	(159)
Subtotal:	182 401	110 471	49 840	2 572	1 119	346 403
Gains/(losses) for the period recognised in net result:						
Depreciation	-	(4 395)	(4 471)	(492)	(139)	(9 497)
Subtotal:	-	(4 395)	(4 471)	(492)	(139)	(9 497)
Carrying amount at the end of the period	182 401	106 076	45 369	2 080	980	336 906
Gross carrying amount						
Gross carrying amount	182 401	110 511	49 916	2 497	1 728	347 053
Accumulated depreciation	-	(4 435)	(4 547)	(417)	(748)	(10 147)
Carrying amount at the end of the period	182 401	106 076	45 369	2 080	980	336 906

*All property, plant and equipment are classified in the level 2 and level 3 fair value hierarchy. Refer Note 9.1 for more details.

Refer to note 6.3 for details about the lease liability for right-of-use assets.

⁽¹⁾ Refer to note 5.8.

South Australian Metropolitan Fire Service
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5.4 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment during 2024-25

	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	94 281	72 554	46 057	2 077	892	471	216 332
Acquisitions	-	-	-	-	-	192	192
Transfers from capital WIP ⁽¹⁾	-	1 202	5 536	274	-	-	7 012
Disposals	-	-	(1051)	-	-	-	(1051)
Derecognition of assets	-	-	-	(44)	-	(445)	(489)
Revaluation increment	88 120	35 054	(2330)	999	-	-	121 843
Donated assets provided	-	-	(120)	-	-	-	(120)
Subtotal:	182 401	108 810	48 092	3 306	892	218	343 719
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(3 374)	(4 096)	(482)	(117)	(218)	(8 287)
Subtotal:	-	(3 374)	(4 096)	(482)	(117)	(218)	(8 287)
Carrying amount at the end of the period	182 401	105 436	43 996	2 824	775	-	335 432
Gross carrying amount							
Gross carrying amount	182 401	105 476	44 149	2 825	1 384	-	336 235
Accumulated depreciation	-	(40)	(153)	(1)	(609)	-	(803)
Carrying amount at the end of the period	182 401	105 436	43 996	2 824	775	-	335 432

*All property, plant and equipment are classified in the level 3 fair value hierarchy. Refer to note 6.3 for details about the lease liability for right-of-use assets.

¹⁾ Refer to note 5.8

South Australian Metropolitan Fire Service
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5.4 Property, plant and equipment (continued)

Depreciation

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	1-56
Vehicles	1-20
Plant and equipment	1-20
ROU Buildings	12
ROU Vehicles	3-5
ROU Land	11

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.

5.5 Property, plant and equipment owned by MFS

Property, plant and equipment owned by the MFS with a value equal to or in excess of \$15 000 is capitalised.

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 9.1.

Impairment of property, plant and equipment

Property, plant and equipment are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity. These assets are not tested for impairment as they are regularly revalued to fair value.

As at 30 June 2026, the impact on the MFS's land and building fair values from per-and polyfluoroalkyl substances (PFAS) contamination and other damage could not be reliably determined. Therefore, the fair value of all but one of these MFS properties has remained unchanged as at reporting date. However as explained in detail at Note 8.2, all 37 current and 27 divested MFS sites have been risk profiled for potential PFAS contamination. The MFS is continuing to work through the cost implications of PFAS contamination which is expected to include costs to remediate contaminated land and dispose contaminated materials.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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5.6 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 \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.2.

The MFS has two commercial leases for a building used for the purpose of operating a regional fire station at Mount Barker and Kadina.

The lease liabilities and interest expense related to the ROU assets are disclosed in note 6.3. The MFS's maturity analysis of lease liabilities is disclosed in note 6.3. Cash outflows related to leases are disclosed in note 7.2. The MFS has not committed to any lease arrangements that have not commenced from 1 July.

5.7 Intangible assets

Reconciliation of intangible assets	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	44	81
Gains/(losses) for the period recognised in net result:		
Amortisation	(37)	(37)
Subtotal:	(37)	(37)
Carrying amount at the end of the period	7	44
 Gross carrying amount		
Gross carrying amount	414	449
Accumulated amortisation	(407)	(405)
Carrying amount at the end of the period	7	44

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 5-10 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 \$15 000.

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

South Australian Metropolitan Fire Service
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5.8 Capital works in progress

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	29 218	17 567
Acquisitions	17 788	18 717
Transfers to property, plant and equipment	(11 453)	(7 012)
CWIP write off	(94)	(54)
Carrying amount at the end of the period	35 459	29 218

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 5.4) or intangible assets (refer note 5.7) and are valued at cost.

South Australian Metropolitan Fire Service
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6 Liabilities

6.1 Financial liabilities

	2026	2025
	\$'000	\$'000
Financial liabilities measured at amortised cost		
Payables	3 684	5 443
Lease liabilities	1 023	807
Total financial liabilities	4 707	6 250

All financial liabilities are measured at amortised cost.

6.2 Payables

	2026	2025
	\$'000	\$'000
Current		
Creditors	128	1 229
Contractual payables	3 556	4 214
Total current payables	3 684	5 443
Total payables	3 684	5 443

Payables and accruals are recognised for all amounts owing but unpaid. Creditors 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.

South Australian Metropolitan Fire Service
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6.3 Other financial liabilities

The MFS measures lease liabilities 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.

Lease liabilities relating to motor vehicles have been derecognised as of 1 April 2025 – refer notes 5.4 and 5.5.

Interest expense paid on lease liabilities during the year was \$18 000 (2025: \$33 000). The MFS does not capitalise borrowing costs.

	2026 \$'000	2025 \$'000
Current		
Lease liabilities	197	104
Total current financial liabilities	197	104
Non-current		
Lease liabilities	826	703
Total non-current financial liabilities	826	703
Total other financial liabilities	1 023	807

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

	2026 \$'000	2025 \$'000
Lease liabilities		
within 1 year	221	143
1 to 5 years	872	573
More than 5 years	-	293
Total lease liabilities (undiscounted)	1 093	1 009

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

South Australian Metropolitan Fire Service
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6.4 Employee related liabilities

	2026	2025
	\$'000	\$'000
Current		
Annual leave	11 902	13 247
Employment on-costs	5 006	5 064
Long service leave	4 414	4 123
Skills and experience retention leave	2 617	2 401
Accrued salaries and wages	1 892	1 689
Total current employee related liabilities	25 831	26 524
Non-current		
Long service leave	20 820	21 196
Employment on-costs	4 101	4 131
Total non-current employee related liabilities	24 921	25 327
Total employee related liabilities	50 752	51 851

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Non-current employee benefits are measured at present value and current 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 3.5% in 2026 from 3.2% in 2025.

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

Long service leave

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

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are 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.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased in 2026 to 5.0% (4.5% in 2025). 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.

South Australian Metropolitan Fire Service
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6.4 Employee related liabilities (continued)

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.889 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 maintained the salary inflation rate at 3.5% (2025: 3.5%) for the long service leave liability. Consequently, there was no net financial effect.

The current portion of long service liabilities reflects the amounts expected to be taken (approved or paid out of termination) to eligible employees within 2026-27.

Employment on-costs

Employment on-costs liabilities include payroll tax, Fringe Benefits Tax, Pay As You Go Withholding, ReturnToWorkSA levies and superannuation contributions. They are settled when the respective employee benefits that they relate to is discharged. These on-costs liabilities primarily relate to the balance of leave owing to employees. The estimated proportion of long service leave to be taken as leave, rather than to be paid on termination, affects the amount of on-costs liabilities recognised as a consequence of long service leave liabilities.

The MFS contributes 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.

The proportion of long service leave taken has increased to 87% from 85.95% in 2025. The average factor for the calculation of employer superannuation on-costs has not changed from 16% in 2025. 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.

South Australian Metropolitan Fire Service
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6.5 Provisions

	2026 \$'000	2025 \$'000
Current		
Provision for workers compensation	13 715	10 506
Additional compensation	2 342	2 089
Total current provisions	16 057	12 595
Non-current		
Provision for workers compensation	48 092	38 586
Additional compensation	24 587	26 623
Total non-current provisions	72 679	65 209
Total provisions	88 736	77 804

Movement in workers compensation provisions	2026 \$'000	2025 \$'000
Workers compensation		
Carrying amount at the beginning of the period	49 092	42 262
Reductions arising from payments	(6 376)	(6 101)
Changes from remeasurement	5 322	(724)
New accident liability	13 769	13 655
Carrying amount at the end of the period	61 807	49 092

Additional compensation		
Carrying amount at the beginning of the period	28 712	29 579
Reductions arising from payments	(2 208)	(2 187)
Changes from remeasurement	(3 355)	(2 167)
New accident liability	3 780	3 487
Carrying amount at the end of the period	26 929	28 712

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 2026 provided by a consulting actuary engaged through the Office of the Commissioner for 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 nonserious 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.

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6.5 Provisions (continued)

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.

The significant movement in workers compensation provisions in 2025-26 is due to the impact of legislative change that relate to the scope of Firefighter Cancer presumptive cover.

7 Other disclosures

7.1 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.

7.2 Cash flow reconciliation

	2026 \$'000	2025 \$'000
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	17 095	19 555
Add / (less) non-cash items		
Depreciation and amortisation	(9 534)	(8 324)
Donated assets	(132)	(120)
Resources received free of charge	43	-
Net gain/(loss) from disposal of non-current assets	(649)	(992)
Capital WIP write off	(94)	(54)
Derecognition of non-current assets	(420)	(44)
Capital accruals	2 982	1 455
Movement in assets and liabilities		
Increase / (decrease) in receivables	502	385
(Increase) / decrease in payables	2 139	(1 688)
(Increase) / decrease in employee benefits	1 099	(1 049)
(Increase) / decrease in provisions	(10 932)	(5 963)
Net result	2 099	3 161

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8 Outlook

8.1 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

	2026	2025
	\$'000	\$'000
Within one year	1 156	8 770
Later than one year but not later than five years	1 817	-
Later than five years	-	-
Total contractual commitments to acquire property, plant and equipment	2 973	8 770

These contractual commitments to acquire property, plant and equipment are primarily related to the provision of new vehicles.

Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	2 474	1 982
Later than one year but not later than five years	8 343	1 401
Later than five years	-	1 990
Total other contractual commitments	10 817	5 373

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

8.2 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 at the reporting date.

The MFS recognises a contingent liability relating to the historical use of per-and polyfluoroalkyl substances (PFAS) firefighting foams across sites in South Australia.

All 37 current and 27 divested MFS sites have been risk profiled for potential PFAS contamination. All initial investigations for current fire stations have been completed and reports submitted to the EPA. Out of the 23 standard and low-priority site investigations commenced in 2026, there are 13 stations where no further action has been recommended. This is in addition to four sites (Mount Barker, Noarlunga, Oakden and Salisbury) that are no longer under EPA consideration. The MFS is well positioned to make informed, risk-based decisions regarding allocation of resources to sites requiring further investigation, monitoring or remediation.

The MFS is continuing to work through the cost implications of PFAS contamination which is expected to include costs to remediate contaminated land and dispose of contaminated materials.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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8.3 Impact of standards not yet implemented

The MFS assessed *Australian Accounting Standards and Interpretations* that first applied in 2025-26 and determined that they did not have a material impact on its financial statements. No new *Australian Accounting Standards* or *Interpretations* have been early adopted.

8.4 Events after the reporting period

No events have occurred after the reporting date that require adjustment to, or disclosure in, these financial statements.

9 Measurement and risk

9.1 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

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 \$1.5 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. As at 30 June 2026 management's assessment did not identify any material variance between the reported carrying amount of the MFS's assets and their estimated fair value as at reporting date.

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

Fair value hierarchy

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 2026, 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.

South Australian Metropolitan Fire Service
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9.1 Fair value (continued)

Land, buildings and vehicles

An independent valuation of land, buildings and vehicles was performed by JLL (Certified Practising Valuer) in 2024-25.

Fair value of land at that time was 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.

The next independent valuation of land, vehicles and buildings will occur in 2030-31.

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 is less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

	Note	Level 2	Level 3	Total
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	5.5	-	182 401	182 401
Buildings	5.5	275	105 801	106 076
Vehicles	5.5	4 973	40 396	45 369
Plant and equipment	5.5	18	2 062	2 080
Intangibles	5.6	7	-	7
Total recurring fair value measurements		5 273	330 660	335 933
Total fair value measurements		5 273	330 660	335 933

9.2 Financial instruments

Financial risk management

Risk management is managed by the MFS corporate services section and the MFS risk management policies are in compliance 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 1.2 and 3.1 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.

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9.2 Financial instruments (continued)

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.

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

	Debtor gross carrying amount		Lifetime expected losses
	\$'000	Loss %	\$'000
2026			
Current (not past due)	286	0.07%	-
1 - 30 days past due	81	0.11%	-
31 - 60 days past due	77	0.23%	-
61 - 90 days past due	49	0.39%	-
More than 90 days past due	412	0.61%	3
Loss allowance	906		3

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.

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9.2 Financial instruments (continued)

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 T1 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.

Categorisation of financial instruments

Details of the material 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 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 2026 and are expected to be settled within one year excluding lease liabilities. Maturity analysis for financial liabilities is presented in note 6.3.