

South Australian State Emergency Service

Financial report
for the year ended
30 June 2021



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To the Chief Officer South Australian State Emergency Service

Opinion

I have audited the financial report of the South Australian State Emergency 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 State Emergency 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 State Emergency 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 120(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian State Emergency 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 State Emergency 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 State Emergency Service

Financial Statements

For the year ended 30 June 2021

South Australian State Emergency Service Certification of the Financial Statements

We certify that the:

- financial statements of the South Australian State Emergency Service:
 - are in accordance with the accounts and records of the South Australian State Emergency 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 State Emergency Service at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the South Australian State Emergency Service for the financial year over its financial reporting and its preparation of financial statements have been effective.



Chris Beattie
Chief Officer

17 September 2021



Silvana Di Ciocco
Business Manager

17 September 2021

South Australian State Emergency Service
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Contributions from the Community Emergency Services Fund	2.1	22 913	22 998
Fees and charges	2.2	261	159
SA Government grants, subsidies and transfers	2.3	5 330	41
Investment and interest revenues	2.4	8	15
Net gain from disposal of non-current assets	4.4	43	-
Other income	2.5	42	51
Total income		28 597	23 264
Expenses			
Employee benefits expenses	3.2	12 203	7 493
Supplies and services	4.1	10 758	10 133
Grants and subsidies		90	88
Depreciation and amortisation	4.2	3 166	2 908
Net loss from disposal of non-current assets	4.4	-	236
Borrowing Costs		19	21
Other expenses	4.3	396	-
Total expenses		26 632	20 879
Net result		1 965	2 385
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	3 330
<i>Items that will be reclassified to net result when specific conditions are met</i>			
Gains or losses recognised directly in equity	8.1	15	(14)
Total other comprehensive income		15	3 316
Total comprehensive result		1 980	5 701

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 State Emergency Service
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	2 246	2 135
Receivables	6.2	1 461	734
Other financial assets	6.3	159	191
Total current assets		3 866	3 060
Non-current assets			
Property, plant and equipment	5.2	52 234	49 599
Intangible assets	5.4	155	197
Total non-current assets		52 389	49 796
Total assets		56 255	52 856
Current liabilities			
Payables	7.1	1 157	1 120
Employee benefits	3.3	1 584	1 254
Provisions	7.3	265	203
Financial liabilities	7.2	146	153
Total current liabilities		3 152	2 730
Non-current liabilities			
Payables	7.1	155	126
Employee benefits	3.3	1 650	1 367
Provisions	7.3	2 215	1 382
Financial liabilities	7.2	823	971
Total non-current liabilities		4 843	3 846
Total liabilities		7 995	6 576
Net assets		48 260	46 280
Equity			
Asset revaluation surplus	8.1	8 482	8 482
Retained earnings	8.1	39 771	37 806
Investments market value reserve	8.1	7	(8)
Total equity		48 260	46 280

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

South Australian State Emergency Service
Statement of Changes in Equity
for the year ended 30 June 2021

	Investments market value reserve	Asset revaluation surplus	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	6	5 152	35 421	40 579
Net result for 2019-20	-	-	2 385	2 385
Gain on revaluation of land and buildings during 2019-20	-	1 390	-	1 390
Loss on revaluation of vehicles during 2019-20	-	(378)	-	(378)
Gain on revaluation of plant and equipment during 2019-20	-	2 318	-	2 318
Gains or losses recognised directly in equity	(14)	-	-	(14)
Total comprehensive result for 2019-20	(14)	3 330	2 385	5 701
Balance at 30 June 2020	(8)	8 482	37 806	46 280
Net result for 2020-21	-	-	1 965	1 965
Gains or losses recognised directly in equity	15	-	-	15
Total comprehensive result for 2020-2021	15	-	1 965	1 980
Balance at 30 June 2021	7	8 482	39 771	48 260

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 State Emergency Service
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Contributions from Community Emergency Services Fund	22 913	22 998
Fees and charges	261	26
Investment and interest received	8	15
SA Government grants, subsidies and transfers	4 788	41
GST recovered from the ATO	1 820	886
Receipts for Paid parental Leave Scheme	14	-
Other receipts	51	9
Cash generated from operations	29 855	23 975
Cash outflows		
Employee benefits payments	(10 603)	(7 676)
Payments for supplies and services	(12 913)	(11 687)
Payments of grants and subsidies	(90)	(88)
Payments for paid Parental Leave Scheme	(14)	-
Interest paid	(19)	(21)
Cash used in operations	(23 639)	(19 472)
Net cash provided by operating activities	8.2 6 216	4 503
Cash flows from investing activities		
Cash inflows		
Proceeds from the sale of property, plant and equipment	69	109
Proceeds from the sale of investments	47	78
Cash generated from investing activities	116	187
Cash outflows		
Purchase of property, plant and equipment	(6 073)	(4 666)
Cash used in investing activities	(6 073)	(4 666)
Net cash used in investing activities	(5 957)	(4 479)
Cash flows from financing activities		
Cash outflows		
Repayment of principal portion of lease liabilities	(148)	(156)
Cash used in financing activities	(148)	(156)
Net cash used in financing activities	(148)	(156)
Net decrease in cash and cash equivalents	111	(132)
Cash and cash equivalents at the beginning of the period	2 135	2 267
Cash and cash equivalents at the end of the period	6.1 2 246	2 135

The accompanying notes form part of these financial statements.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

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South Australian State Emergency Service

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1. About the South Australian State Emergency Service

Under the *Fire and Emergency Services Act 2005* (the Act), the South Australian State Emergency Service (SES) 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 SES.

SES does not control any other entity and has no interests in unconsolidated structured entities.

The financial statements and accompanying notes include all the controlled activities of SES.

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.

SES is not subject to Income Tax. SES 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. Trust funds

SES administers, but does not control, certain activities on behalf of the Australian Council of State and Territory Emergency Services. It is accountable for the transactions relating to those trust activities but does not have the discretion, for example, to deploy the resources for the achievement of SES's own objectives.

Transactions and balances relating to the trust assets are not recognised as SES's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Trust Funds', refer note 10.4.

South Australian State Emergency Service

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1.3. Objectives and programs

Objectives

The South Australian State Emergency Service (SES) is a volunteer based, not for profit body corporate of the State of South Australia. SES was established on 1 October 2005 under the *Fire and Emergency Services Act 2005* (the Act) with the following objectives:

- to assist the Commissioner of Police, South Australian Metropolitan Fire Service and South Australian Country Fire Service in dealing with any emergency
- to assist the State Co-ordinator, in accordance with the State Emergency Management Plan, in carrying out prevention, preparedness, response or recovery operations under the *Emergency Management Act 2004*
- to deal with any emergency where the emergency is caused by flood or storm damage, or where there is no other body or person with lawful authority to assume control of operations for dealing with the emergency
- to deal with any emergency until such time as anybody or person that has the lawful authority to assume control of operations for dealing with the emergency
- to respond to emergency calls and where appropriate, provide assistance in any situation of need whether or not the situation constitutes an emergency
- to undertake rescues.

Funding arrangements

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

Funds generated by Units through fund raising activities are held locally for expenditure in the local community.

These funds are recognised as part of the 'other income' within SES's financial statements.

Programs

In achieving its objectives, SES provides these services classified under one program titled 'State Emergency Service'.

These services are predominantly provided by volunteers. As at 30 June 2021, the State Emergency Services has 1 700 volunteers.

1.4. Impact of COVID-19 pandemic on SES

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

- Additional expenditure of \$195 000 to keep personnel and volunteers safe while maintaining service delivery to the community.
- Additional expenditure of \$3.13 million to support the South Australian response to the COVID-19 pandemic, including \$3.10 million to support SAPOL COVID-19 operations at border check points and Adelaide Airport.

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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.5. Budget performance

The budget performance table compares SES 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
Statement of Comprehensive Income				
Income				
Contributions from the Community Emergency Services Fund		22 597	22 913	316
Fees and charges		-	261	261
SA Government grants, subsidies and transfers	(a)	4 430	5 330	900
Investment and interest revenues		23	8	(15)
Other income		98	42	(56)
Net gain from the disposal of property, plant and equipment		-	43	43
Total income		27 148	28 597	1 449
Expenses				
Employee benefits	(a)	10 076	12 203	2 127
Supplies and services	(a)	9 498	10 758	1 260
Grants and subsidies		91	90	(1)
Depreciation and amortisation		2 481	3 166	685
Borrowing costs		20	19	(1)
Other expenses		-	396	396
Total expenses		22 166	26 632	4 466
Net result		4 982	1 965	(3 017)
Other comprehensive income				
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>				
Gains or losses recognised directly in equity		-	15	15
Total other comprehensive income		-	15	15
Total comprehensive result		4 982	1 980	(3 002)

	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Investing expenditure summary				
Total new projects		630	721	(91)
Total Annual Programs		6 281	5 468	813
Total investing expenditure		6 911	6 189	722

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.5. Budget performance (continued)

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

- a. Variances to SA Government grants revenue, employee benefits expenditure and supplies and services expenditure is predominantly due to SES providing support to SAPOL for COVID-19 operations.

1.6. Significant transactions with government entities

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

The following transactions were significant for SES:

- Contributions from the Community Emergency Services Fund (refer note 2.1).
- Payment from SAPOL of \$3.1 million for costs of assistance provided in COVID-19 operations.
- Payment to the Attorney-General's Department for the government radio network of \$3.14 million.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2. Income

2.1. Contributions from the Community Emergency Service Fund

	2021	2020
	\$'000	\$'000
Community Emergency Services Fund	22 913	22 998
Contributions from the Community Emergency Services Fund	22 913	22 998

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

For details on the expenditure associated with the operational funding and capital funding refer notes 3.2, 4.1 and 5.1.

2.2. Fees and charges

	2021	2020
	\$'000	\$'000
Incident cost recoveries	261	159
Total fees and charges	261	159

Revenue from fees and charges is recognised from contracts with customers.

Incident cost recoveries

SES provide support to other 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, 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 ceased.

2.3. SA Government grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Intra government transfers	-	41
COVID 19 Support - SAPOL	3 100	-
Capital Program	2 230	-
Total SA Government grants subsidies and transfers	5 330	41

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

Capital Program is related to the funding from DTF for accelerated unit upgrades, vehicle replacements and purchase of land for the Strathalbyn Unit.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2.4. Investment and interest revenues

	2021	2020
	\$'000	\$'000
Dividend Income	7	5
Interest on deposit accounts	1	10
Total interest revenues	8	15

2.5. Other income

	2021	2020
	\$'000	\$'000
Donations	7	14
Unit fundraising	7	6
Salary recoveries	5	-
Sundry revenues	-	8
Other	23	23
Total other income	42	51

Other income is recognised upon receipt.

SES volunteer members give a significant number of hours to providing frontline emergency response services to the community. A value for volunteer services received has not been recognised in the financial statements as the recognition criteria of AASB 1058 *Income of Not for Profit Entities* has not been met.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

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

The compensation disclosed in this note excludes salaries and other benefits 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 under section 6 the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	778	482
Post-employment benefits	77	43
Total compensation	855	525

Transactions with key management personnel and other related parties

SES did not enter into any transactions with key management personnel or their close family during the reporting period.

3.2. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	8 386	6 115
Workers compensation	332	(18)
Employment on-costs - superannuation	886	633
Annual leave	732	460
Long service leave	414	(149)
Payroll tax	519	352
Skills and experience retention leave	30	16
Additional compensation	870	51
Other employment related expenses	34	33
Total employee benefits expenses	12 203	7 493

Employment on-costs - superannuation

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.2. Employee benefits expenses (continued)

Employee remuneration

	Employees	
	2021	2020
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 to \$174 000	4	4
\$234 001 to \$254 000	-	1
\$254 001 to \$274 000	1	-
\$274 001 to \$294 000	1	1
Total	6	6

The total remuneration received by these employees for the year was \$1.19 million (2020: \$1.18 million).

The table includes all employees whose normal remuneration was equal to or greater than all 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 the SES.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.3. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	354	184
Annual leave	1 078	941
Skills and experience retention leave	29	30
Long service leave	123	99
Total current employee benefits	<u>1 584</u>	<u>1 254</u>
Non-current		
Long service leave	1 650	1 367
Total non-current employee benefits	<u>1 650</u>	<u>1 367</u>
Total employee benefits	<u><u>3 234</u></u>	<u><u>2 621</u></u>

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 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 method. Details about the measurement of long service leave liability is provided as note 10.1.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4. Expenses

Employee benefits expenses are disclosed in note 3.2.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Government radio network	3 144	3 050
Short term leases	123	2
Accommodation	1 266	1 192
Operational costs	1 071	1 291
Vehicle	741	778
Travel and training	593	520
Property costs	626	508
Computing costs	1 107	737
Communication	327	385
Consultancy, contractors and legal fees	601	655
Uniforms and protective clothing	429	327
Insurance premiums	95	86
Other expenses	635	602
Total supplies and services	10 758	10 133

Accommodation

SES holds accommodation arrangements with the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies for a number of sites. These arrangements do not meet the definition of a lease set out in AASB 16.

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

SES recognises lease payments associated with short-term leases (12 months or less) and low value (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.

Property costs

A review of capital projects in the year ended 30 June 2021 identified \$396 000 of costs included in capital works in progress at 30 June 2020 that should have been expended in a prior year. SES have assessed the impact of this error to be immaterial and the correction has been made in the current year by an adjustment to property costs.

Refer note 5.2.

Consultants

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

	No.	2021	No.	2020
		\$'000		\$'000
Below \$10 000	1	1	2	12
Above \$10 000	-	-	2	40
Total paid / payable to the consultants	1	1	4	52

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4.2. Depreciation and amortisation

	2021 \$'000	2020 \$'000
Depreciation		
Vehicles	1 153	1 099
Buildings	937	861
Communications equipment	371	336
Computer equipment	133	149
Plant and equipment	376	289
Right-of-use buildings	153	160
Right-of-use vehicles	1	6
Total depreciation	3 124	2 900
Amortisation		
Computer software	42	8
Total amortisation	42	8
Total depreciation and amortisation	3 166	2 908

All non-current assets not held for sale with 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:

Class of asset	Useful life (years)
Buildings	1-40
Vehicles	1-20
Communications equipment	2-10
Plant and equipment	1-19
Computer equipment	2-7
Computer software	5
ROU Assets	1-10

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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4.3. Other expenses

	2021	2020
	\$'000	\$'000
CWIP write off	396	-
Total other expenses	<u>396</u>	<u>-</u>

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

	2021	2020
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	(220)
Net gain / (loss) from disposal of land and buildings	<u>-</u>	<u>(220)</u>
Vehicles		
Proceeds from disposal	68	104
Less net book value of assets disposed	(26)	(125)
Net gain / (loss) from disposal of vehicles	<u>42</u>	<u>(21)</u>
Plant and equipment		
Proceeds from disposal	1	5
Less net book value of assets disposed	-	-
Net gain / (loss) from disposal of plant and equipment	<u>1</u>	<u>5</u>
Total assets:		
Proceeds from disposal of non-current assets	69	109
Net book value of assets disposed	(26)	(345)
Net gain / (loss) from disposal of non-current assets	<u>43</u>	<u>(236)</u>

Gains/losses on disposal of non-current assets are recognised at the date 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.

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5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2021 \$'000	2020 \$'000
Land		
Land at fair value	5 262	4 617
Total land	<u>5 262</u>	<u>4 617</u>
Buildings		
Buildings at fair value	22 800	21 942
Accumulated depreciation	(1 547)	(611)
Total buildings	<u>21 253</u>	<u>21 331</u>
Vehicles		
Vehicles at fair value	16 367	14 077
Accumulated depreciation	(1 920)	(770)
Total vehicles	<u>14 447</u>	<u>13 307</u>
Communications (Comms.) equipment		
Communications equipment at fair value	2 419	2 408
Accumulated depreciation	(608)	(237)
Total communications equipment	<u>1 811</u>	<u>2 171</u>
Computer equipment		
Computer equipment at fair value	786	694
Accumulated depreciation	(210)	(77)
Total computer equipment	<u>576</u>	<u>617</u>
Plant and equipment		
Plant and equipment at fair value	3 121	3 105
Accumulated depreciation	(601)	(226)
Total plant and equipment	<u>2 520</u>	<u>2 879</u>
Capital work in progress		
Capital works in progress at cost (deemed fair value)	5 412	3 563
Total capital work in progress	<u>5 412</u>	<u>3 563</u>
Right-of-use buildings		
Right-of-use buildings at cost	1 258	1 273
Accumulated amortisation	(305)	(160)
Total right-of-use buildings	<u>953</u>	<u>1 113</u>
Right-of-use vehicles		
Right-of-use vehicles at cost	-	7
Accumulated amortisation	-	(6)
Total right-of-use vehicles	<u>-</u>	<u>1</u>
Total property, plant and equipment	<u><u>52 234</u></u>	<u><u>49 599</u></u>

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5.2. Property, plant and equipment owned by SES

Property, plant and equipment owned by SES with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by SES is initially recorded on a cost basis and subsequently measured at fair value. Where assets are acquired at no value or minimal value they are recorded at fair value in the Statement of Financial Position. Detail about SES' approach to fair value is set out in note 10.2.

Impairment

Property, plant and equipment owned by SES has 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 of property, plant and equipment during 2020-21

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipment \$'000	Computer equipment \$'000	Plant & equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	4 617	21 331	13 307	2 171	617	2 879	3 563	48 485
Acquisitions	-	-	-	-	-	-	6 188	6 188
Transfers from capital WIP	645	859	2 319	11	92	17	(3 943)	-
Depreciation	-	(937)	(1 153)	(371)	(133)	(376)	-	(2 970)
Disposals	-	-	(26)	-	-	-	-	(26)
CWIP write off	-	-	-	-	-	-	(396)	(396)
Carrying amount at the end of the period	5 262	21 253	14 447	1 811	576	2 520	5 412	51 281

Reconciliation of property, plant and equipment during 2019-20

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipment \$'000	Computer equipment \$'000	Plant & equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	4 236	19 908	13 228	1 342	238	925	3 871	43 748
Acquisitions	-	-	-	-	-	-	4 665	4 665
Transfers from capital WIP	-	1 522	1 674	146	-	1 445	(4 973)	(186)
Transfers between asset classes	-	(27)	-	-	-	27	-	-
Revaluation increment	382	1 008	(378)	1 019	528	771	-	3 330
Depreciation	-	(861)	(1 099)	(336)	(149)	(289)	-	(2 734)
Disposals	(1)	(219)	(125)	-	-	-	-	(345)
Other	-	-	7	-	-	-	-	7
Carrying amount at the end of the period	4 617	21 331	13 307	2 171	617	2 879	3 563	48 485

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5.3. Property, plant and equipment leased by SES

Right-of-use assets leased by SES as lessee are measured at cost and there was no indication of impairment for right-of-use assets.

Additions to leased property, plant and equipment during 2020-21 were nil.

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 4.1.

The SES has two commercial leases for buildings which are for the purpose of SES operational and administrative activities.

The lease liabilities and interest expense related to the right-of-use assets are disclosed in note 7.2. SES' maturity analysis of its lease liabilities is disclosed in note 10.3. Depreciation expense is disclosed in note 4.2. Cash outflows related to leases are disclosed in note 8.2. SES has not committed to any lease arrangements that have not commenced from 1 July.

5.4. Intangible assets

	2021 \$'000	2020 \$'000
Computer software		
Computer software	209	209
Accumulated amortisation	(54)	(12)
Total computer software	<u>155</u>	<u>197</u>
Total intangibles	<u><u>155</u></u>	<u><u>197</u></u>

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

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.

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5.4. Intangible assets (continued)

Reconciliation 2020-21	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	197	197
Amortisation	(42)	(42)
Carrying amount at the end of the period	<u>155</u>	<u>155</u>

Reconciliation 2019-20	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	19	19
Transfers from capital WIP	186	186
Amortisation	(8)	(8)
Carrying amount at the end of the period	<u>197</u>	<u>197</u>

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6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)	997	955
Cash at bank - Units	849	894
Short-term deposits - Units	294	194
Short-term deposits	106	92
Total cash and cash equivalents	2 246	2 135

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.

Cash at Bank - Units

Accounts held at Unit level comprising of proceeds from fundraising, donations and other local activities.

Short term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. SES 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	2020
	\$'000	\$'000
Current		
Receivables	681	118
Prepayments	358	202
Accrued revenues	31	59
GST input tax recoverable	391	355
Total current receivables	1 461	734
Total receivables	1 461	734

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.

The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

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

Refer to note 10.3 for further information on risk management.

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6.3. Other financial assets

	2021	2020
	\$'000	\$'000
Medium term deposits - Units	53	100
<i>Investments classified as fair value through other comprehensive income</i>		
Listed equity instruments	106	91
Total receivables	159	191

Medium-term deposits are made for varying periods of between three months and twelve months. The deposits are lodged with various financial institutions at their respective medium-term deposit rates.

The equity instruments are carried at fair value.

Investments were designated at fair value through other comprehensive income with all changes in fair value being taken to the investment reserve. These investments are not subject to impairment testing.

On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings. Dividends arising from these investments will be recognised in the statement of comprehensive income.

For further information on risk management refer to note 10.3.

South Australian State Emergency Service
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7. Liabilities

Employee benefits liabilities are disclosed in note 3.3.

7.1. Payables

	2021 \$'000	2020 \$'000
Current		
Creditors	263	120
Accrued expenses	618	787
Employment on-costs	276	213
Total current payables	1 157	1 120
Non-current		
Employment on-costs	155	126
Total non-current payables	155	126
Total payables	1 312	1 246

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 the Payables note.

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefit that they relate to is discharged.

SES 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 not yet paid to State Government and externally managed superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the proportion of long service leave taken as leave has remained at 42% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is 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
Current		
Lease liabilities	146	153
Total current financial liabilities	<u>146</u>	<u>153</u>
Non-current		
Lease liabilities	823	971
Total non-current financial liabilities	<u>823</u>	<u>971</u>
Total financial liabilities	<u><u>969</u></u>	<u><u>1 124</u></u>

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

SES 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.

Interest expense paid on lease liabilities during 2020-21 was \$19 000 (2019-20 \$21 000). SES does not capitalise borrowing costs.

7.3. Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	211	194
Additional compensation	54	9
Total current provisions	<u>265</u>	<u>203</u>
Non-current		
Provision for workers compensation	651	644
Additional compensation	1 564	738
Total non-current provisions	<u>2 215</u>	<u>1 382</u>
Total provisions	<u><u>2 480</u></u>	<u><u>1 585</u></u>

Movement in provisions	2021	2020
	\$'000	\$'000

Workers compensation:

Carrying amount at the beginning of the period	838	950
Additional provision recognised	332	-
Reductions arising from payments	(308)	(94)
Reductions resulting from re-measurement	-	(18)
Carrying amount at the end of the period	<u><u>862</u></u>	<u><u>838</u></u>

Additional compensation:

Carrying amount at the beginning of the period	747	696
Additional provisions recognised	895	51
Reductions arising from payments	(24)	-
Carrying amount at the end of the period	<u><u>1 618</u></u>	<u><u>747</u></u>

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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 is for the estimated cost of ongoing payments to workers as required under current legislation.

The provision has remained stable in 2021, with a marginal increase due to increased costs for income support and other expenses.

SES is responsible for the payment of workers compensation claims.

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 Employment. The provision is for the estimated cost of ongoing payments to workers as required under current arrangements.

SES 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 claim's 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.

Investment reserve

The reserve is used to record all changes in fair value of investments classified as fair value through other comprehensive income.

8.2 Cash flow

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 SES was \$290 000 (2019-20: \$177 000).

	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	2 246	2 135
Balance as per the Statement of Cash Flows	2 246	2 135
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	6 216	4 503
Add / (less) non-cash items		
Depreciation and amortisation	(3 166)	(2 908)
Net gain/(loss) from disposal of non-current assets	43	(236)
Movement in assets and liabilities		
Increase/(decrease) in receivables	727	427
(Increase)/decrease in payables	(347)	415
(Increase)/decrease in employee benefits	(613)	123
(Increase)/decrease in provisions	(895)	61
Net result	1 965	2 385

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9. Outlook

9.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual 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	113	46
Total capital commitments	113	46

SES' capital commitments are for building, vessel and equipment projects.

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	619	965
Later than one year but not later than five years	702	1 205
Total expenditure commitments	1 321	2 170

SES expenditure commitments relate to information technology contracts, equipment and promotional goods.

Major expenditure commitments include MOAAs with the Department of Infrastructure and Transport for accommodation.

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.

SES is not aware of any contingent assets or liabilities.

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9.3. Impact of standards not yet effective

The SES 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 SES, these amending standards are not expected to have an impact on the SES's general purpose financial statements. SES will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

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 SES continues to assess liabilities eg LSL and whether or not the SES has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.4. COVID-19 pandemic outlook for SES

The COVID-19 pandemic will continue to impact the operations of the agency 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 assistance SA Health, SAPOL and other SA Government departments in response to the COVID-19 pandemic.
- Additional expenditure to keep SES personnel and volunteers safe while maintaining service delivery to the community.
- Additional expenditure may be incurred due to supplier business restrictions.
- Delays in the delivery of capital and ICT 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.

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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 from 2020 (1.00%) to 2021 (1.5%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$81 000 and employee benefits expense of \$81 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 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.

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.

The revaluation process is reviewed by SES 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, the asset is 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.

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10.2. Fair value (continued)

Fair value hierarchy

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

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

During 2021 and 2020, SES 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.

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	320	4 942	5 262
Buildings	5.1	-	21 253	21 253
Vehicles	5.1	-	14 447	14 447
Communication equipment	5.1	-	1 811	1 811
Computer equipment	5.1	-	576	576
Plant and equipment	5.1	-	2 520	2 520
Total recurring fair value measurements		320	45 549	45 869
Total fair value measurements		320	45 549	45 869

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	320	4 297	4 617
Buildings	5.1	-	21 331	21 331
Vehicles	5.1	-	13 307	13 307
Communication equipment	5.1	-	2 171	2 171
Computer equipment	5.1	-	617	617
Plant and equipment	5.1	-	2 879	2 879
Total recurring fair value measurements		320	44 602	44 922
Total fair value measurements		320	44 602	44 922

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10.2. Fair value (continued)

Land and Buildings

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pty Ltd as at 1 November 2019. The Emergency Services Sector did not revalue land and buildings related to peppercorn leased sites. These have been recognised at their carrying amounts from 30 June 2020. 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):

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	4 297	21 331	13 307	2 171	617	2 879	44 602
Capitalised asset transfers	645	859	2 319	11	92	17	3 943
Disposals	-	-	(26)	-	-	-	(26)
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation	-	(937)	(1 153)	(371)	(133)	(376)	(2 970)
Total losses recognised in net result	-	(937)	(1 153)	(371)	(133)	(376)	(2 970)
Carrying amount at the end of the period	4 942	21 253	14 447	1 811	576	2 520	45 549

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

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

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	2 297	10 166	13 228	1 342	238	925	28 196
Capitalised asset transfers	-	1 522	1 674	146	-	1 445	4 787
Disposals	(1)	(219)	(125)	-	-	-	(345)
Transfers between asset classes	-	(27)	-	-	-	27	-
Transfer to level 3	1 619	9 742	7	-	-	-	11 368
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation	-	(861)	(1 099)	(336)	(149)	(289)	(2 734)
Total losses recognised in net result	-	(861)	(1 099)	(336)	(149)	(289)	(2 734)
Gains for the period recognised in other comprehensive income (OCI)							
Revaluation increments	382	1 008	(378)	1 019	528	771	3 330
Total gains recognised in OCI	382	1 008	(378)	1 019	528	771	3 330
Carrying amount at the end of the period	4 297	21 331	13 307	2 171	617	2 879	44 602

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10.3. Financial instruments

Financial risk management

Risk management is managed by SES corporate services section. SES risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The exposure of SES 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 SES is unable to meet its financial obligations as they fall due. SES is funded principally from the Fund. SES 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 notes 1.3 and 2.1 for further information.

Credit risk

SES has minimal concentration of credit risk. SES has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SES 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 SES.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9. SES uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors. It is expected the credit loss for SES is nil.

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

Cash

SES 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.

Market risk

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

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

Categorisation of financial instruments

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

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10.3. Financial instruments (continued)

Classification of financial instruments

SES measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

SES 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.

	2021	2020
	\$'000	\$'000
Lease Liabilities		
within 1 year	164	153
1 to 5 years	486	971
More than 5 years	392	-
Total lease liabilities (undiscounted)	1 042	1 124

10.4. Trust funds

	2021	2020
	\$'000	\$'000
Cash at bank	221	158
Total trust funds	221	158

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. SES will administer these funds until they are fully expended. In 2020-21, total income earned by the Council was \$60 000 and expenses incurred totalled \$0.