

South Australian Fire and Emergency Services Commission

Financial report
for the year ended
30 June 2019



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Presiding Officer South Australian Fire and Emergency Services Commission Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 21(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian Fire and Emergency Services Commission and the consolidated entity comprising the South Australian Fire and Emergency Services Commission and the emergency services sector for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2019
- a Statement of Administered Financial Position as at 30 June 2019
- a Statement of Administered Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Presiding Officer, the Chief Executive and the Manager Financial Services.

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 South Australian Fire and Emergency Services Commission. 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* have been met.

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

Responsibilities of the Chief Executive and the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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.

The South Australian Fire and Emergency Services Commission Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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 Fire and Emergency Services Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 Executive and the Board 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

19 September 2019

South Australian Fire and Emergency Services Commission
Certification of Financial Statements
for the year ended 30 June 2019

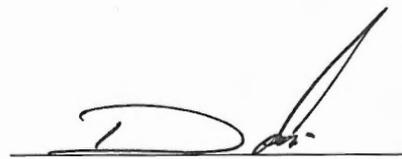
We certify that the attached general purpose financial statements for the South Australian Fire and Emergency Services Commission:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Fire and Emergency Services Commission
- present a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission as at 30 June 2019 and the results of its operations and cash flows for the financial year.

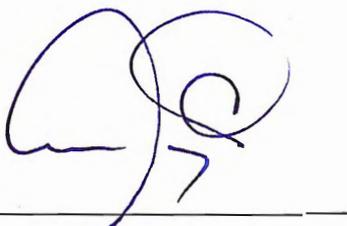
We certify that the internal controls employed by the South Australian Fire and Emergency Services Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dominic Lane
Presiding Officer
South Australian Fire and Emergency Services
Commission Board
16 September 2019



Dominic Lane
Chief Executive
16 September 2019



Luis Pineda
Manager Financial Services
16 September 2019

South Australian Fire and Emergency Services Commission
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	Consolidated		SAFECOM Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses					
Employee benefits	2.3	205 590	224 516	8 364	8 414
Supplies and services	3.1	91 564	82 650	6 926	6 493
Depreciation and amortisation	3.2	21 505	21 669	234	443
Grants and subsidies	3.3	5 225	4 099	4 798	3 698
Net loss from disposal of non-current assets	3.4	-	9	-	-
Other	3.5	-	922	-	922
Total expenses		323 884	333 865	20 322	19 970
Income					
Fees and charges	4.2	8 870	7 185	650	633
Grants and contributions	4.3	2 851	2 638	119	297
Interest	4.4	213	249	54	59
Donated asset	4.5	99	-	-	-
Net gain from disposal of non-current assets	3.4	30	-	-	-
Other	4.6	1 222	1 112	8	28
Total income		13 285	11 184	831	1 017
Net cost of providing services		310 599	322 681	19 491	18 953
Revenues from / (payments to) SA Government					
Revenues from SA Government	4.1	290 442	257 001	23 098	16 869
Total net revenues from SA Government		290 442	257 001	23 098	16 869
Net result		(20 157)	(65 680)	3 607	(2 084)
Other comprehensive income					
<i>Items that will not be reclassified to net result</i>					
Changes in fair value of investments classified as fair value through other comprehensive income		6	-	-	-
Total other comprehensive income		6	-	-	-
Total comprehensive result		(20 151)	(65 680)	3 607	(2 084)

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

South Australian Fire and Emergency Services Commission
Statement of Financial Position
as at 30 June 2019

	Note	Consolidated		SAFECOM Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets					
Cash and cash equivalents	6.1	34 591	23 309	7 598	6 366
Receivables	6.2	7 766	5 596	665	559
Other financial assets	6.3	2 461	2 805	-	-
Non-current assets classified as held for sale	6.4	742	742	-	-
Total current assets		45 560	32 452	8 263	6 925
Non-current assets					
Property, plant and equipment	5.1	363 026	359 899	1 968	1 604
Intangible assets	5.2	2 632	385	2 414	109
Total non-current assets		365 658	360 284	4 382	1 713
Total assets		411 218	392 736	12 645	8 638
Current liabilities					
Payables	7.1	22 376	19 373	2 661	2 559
Employee benefits	2.4	22 957	21 282	1 133	1 084
Provisions	7.2	13 921	11 950	54	59
Total current liabilities		59 254	52 605	3 848	3 702
Non-current liabilities					
Payables	7.1	5 806	4 756	217	191
Employee benefits	2.4	36 904	30 749	2 370	2 077
Provisions	7.2	88 189	63 494	265	330
Total non-current liabilities		130 899	98 999	2 852	2 598
Total liabilities		190 153	151 604	6 700	6 300
Net assets		221 065	241 132	5 945	2 338
Equity					
Retained earnings		156 213	176 286	5 945	2 338
Revaluation surplus		64 846	64 846	-	-
Investment market value reserve		6	-	-	-
Total equity		221 065	241 132	5 945	2 338

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

South Australian Fire and Emergency Services Commission
Statement of Changes in Equity
for the year ended 30 June 2019

	Consolidated			
	Investments market value reserve	Revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2017	-	64 846	241 966	306 812
Net result for 2017-18	-	-	(65 680)	(65 680)
Total comprehensive result for 2017-18	-	-	(65 680)	(65 680)
Transactions with SA Government as owner				
Balance at 30 June 2018	-	64 846	176 286	241 132
Adjustments on initial adoption of AASB 9	-	-	84	84
Adjusted balance at 1 July 2018	-	64 846	176 370	241 216
Net result for 2018-19	-	-	(20 157)	(20 157)
Changes in fair value of investments classified as fair value through other comprehensive income	6	-	-	6
Total comprehensive result for 2018-19	6	-	(20 157)	(20 151)
Balance at 30 June 2019	6	64 846	156 213	221 065

	SAFECOM Entity			
	Investments market value reserve	Revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2017	-	-	4 422	4 422
Net result for 2017-18	-	-	(2 084)	(2 084)
Total comprehensive result for 2017-18	-	-	(2 084)	(2 084)
Balance at 30 June 2018	-	-	2 338	2 338
Net result for 2018-19	-	-	3 607	3 607
Total comprehensive result for 2018-19	-	-	3 607	3 607
Balance at 30 June 2019	-	-	5 945	5 945

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

South Australian Fire and Emergency Services Commission
Statement of Cash Flows
for the year ended 30 June 2019

	Note	Consolidated		SAFECOM Entity	
		2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000	2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities					
Cash outflows					
Employee benefit payments		(168 896)	(161 737)	(8 066)	(7 646)
Payments for supplies and services		(101 348)	(89 852)	(9 871)	(8 183)
Payments of grants and subsidies		(5 201)	(3 794)	(4 798)	(3 393)
Payments for paid parental leave scheme		(61)	(74)	(4)	(27)
Cash used in operations		(275 506)	(255 457)	(22 739)	(19 249)
Cash inflows					
Receipts from fees and charges		8 410	7 790	539	1 683
Receipts from grants and contributions		2 827	1 594	119	297
Interest received		213	249	54	59
GST recovered from the ATO		9 817	10 833	3 050	2 638
Receipts for paid parental leave scheme		64	68	7	24
Other receipts		1 406	1 073	7	26
Cash generated from operations		22 737	21 607	3 776	4 727
Cash flows from SA Government					
Contributions from Community Emergency Services Fund		280 394	250 969	17 811	14 759
Other receipts from SA Government		10 048	6 032	5 287	2 110
Cash generated from SA Government		290 442	257 001	23 098	16 869
Net cash provided by / (used in) operating activities	8.2	37 673	23 151	4 135	2 347
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(27 268)	(29 607)	(2 903)	(1 374)
Purchase of investments		449	(33)	-	-
Cash used in investing activities		(26 819)	(29 640)	(2 903)	(1 374)
Cash inflows					
Proceeds from the sale of property, plant and equipment	3.4	428	440	-	14
Cash generated from investing activities		428	440	-	14
Net cash provided by / (used in) investing activities		(26 391)	(29 200)	(2 903)	(1 360)
Net increase / (decrease) in cash and cash equivalents		11 282	(6 049)	1 232	987
Cash and cash equivalents at the beginning of the reporting period		23 309	29 358	6 366	5 379
Cash and cash equivalents at the end of the reporting period	6.1	34 591	23 309	7 598	6 366

The accompanying notes form part of the financial statements.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

1.	About the South Australian Fire and Emergency Services Commission	7
1.1.	Basis of preparation	7
1.2.	Principles of consolidation	8
1.3.	Objectives and Programs.....	8
1.4.	Budget performance	9
1.5.	Significant transactions with government entities	10
2.	Board, committees and employees	11
2.1.	Key Management Personnel.....	11
2.2.	Board and committee members.....	12
2.3.	Employee benefits expenses	13
2.4.	Employee benefits liability.....	15
3.	Expenses	16
3.1.	Supplies and services	16
3.2.	Depreciation and amortisation expense	17
3.3.	Grants and subsidies	18
3.4.	Net gain / loss from disposal of non-current assets.....	18
3.5.	Other expenses.....	18
4.	Income.....	19
4.1.	Revenues from / payments to SA Government	19
4.2.	Revenues from fees and charges	19
4.3.	Grants and contributions	20
4.4.	Interest revenues	20
4.5.	Donated Asset.....	20
4.6.	Other income.....	20
4.7.	Resources received free of charge	21
5.	Non-financial assets	21
5.1.	Property, plant and equipment.....	21
5.2.	Intangible assets	24
6.	Financial assets	25
6.1.	Cash and cash equivalents.....	25
6.2.	Receivables.....	26
6.3.	Other financial assets	27
6.4.	Non-current assets classified as held for sale	27
7.	Liabilities.....	28
7.1.	Payables	28
7.2.	Provisions.....	29

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8.	Other disclosures	31
8.1.	Equity	31
8.2.	Cash flow reconciliation	31
9.	Changes in accounting policy	32
9.1.	Treasurer's Instructions (Accounting Policy Statement)	32
9.2.	AASB 9 Financial Instruments	32
10.	Outlook	35
10.1.	Unrecognised contractual commitments	35
10.2.	Contingent assets and liabilities	36
10.3.	Impact of Standards and Statements not yet implemented	36
10.4.	Trust funds	39
10.5.	Events after the reporting period	39
11.	Measurement and risk	40
11.1.	Long service leave	40
11.2.	Fair value	41
11.3.	Financial instruments	46

South Australian Fire and Emergency Services Commission

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the South Australian Fire and Emergency Services Commission

The South Australian Fire and Emergency Services Commission (SAFECOM) is established under the *Fire and Emergency Services Act 2005* (the Act). SAFECOM is a body corporate and agency of the Crown, established under the Act.

The Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service (SASES)
- South Australian Country Fire Service (SACFS)
- South Australian Metropolitan Fire Service (SAMFS).

SAFECOM does not control any other entity and has no interest in unconsolidated structured entities.

Transactions and balances relating to administered resources are not recognised as SAFECOM income, expenses, assets and liabilities. As administered, the activities of the Community Emergency Services Fund (the fund) items are significant in relation to SAFECOM's overall financial performance and position and therefore are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for SAFECOM items.

The SASES 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 the SASES's own objectives.

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

The accrual basis of accounting and applicable accounting standards has been adopted.

The financial statements incorporate the assets and liabilities of all entities comprising the emergency services sector as at 30 June 2019 and the results of these entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

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* (PFAA).
- Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.
- relevant Australian Accounting Standards

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

The financial statements have been prepared based on a 12 month 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 on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

South Australian Fire and Emergency Services Commission

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1.1. Basis of preparation (continued)

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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.
- 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.

GST receivables/payables associated with administered items transactions are included in SAFECOM statements

1.2. Principles of consolidation

Section 21 of the Act requires the Commission to have consolidated statements of account for the Emergency Services Sector to be prepared in respect of each financial year.

The financial statements incorporate the assets and liabilities of all entities comprising the emergency services sector as at 30 June 2019 and the results of these entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

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

1.3. Objectives and Programs

Objectives

SAFECOM has the following objectives:

- to develop and maintain a strategic and policy framework as well as sound corporate governance across the emergency services sector
- to provide adequate support services to the emergency services organisations and to ensure the effective allocation of resources within the emergency services sector
- to ensure relevant statutory compliance by the emergency services organisations
- to build a safer community through integrated emergency service delivery
- to undertake a leadership role in the emergency management
- to report regularly to the Minister about relevant issues.

Programs

In achieving its objectives, SAFECOM provides strategic and corporate support services to the SACFS, SAMFS and SASES. These services are classified under one program titled "Fire and Emergency Services Strategic Services and Business Support".

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budget performance

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

		Original budget 2019 \$'000	SAFECOM Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits		7 801	8 364	563
Supplies and services		7 034	6 926	(108)
Depreciation and amortisation		867	234	(633)
Grants and subsidies	a	6 977	4 798	(2 179)
Other		116	-	(116)
Total expenses		22 795	20 322	(2 473)
Income				
Fees and charges		650	650	-
Grants and contributions		149	119	(30)
Interest		24	54	30
Other		146	8	(138)
Total income		969	831	(138)
Net cost of providing services		21 826	19 491	(2335)
Revenues from / (payments to) SA Government				
Revenues from SA Government	b	16 362	23 098	6 736
Total net revenues from SA Government		16 362	23 098	6 736
Net result		(5 464)	3 607	9 071
Total comprehensive result		(5 464)	3 607	9 071

The following are brief explanations of variances between original budget and actual amounts. 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 Primarily relates to changes in the timing of the receipt of funding for the Natural Disaster Resilience Program in 2018-19.
- b Revenues from SA Government actuals were higher than budgeted due to the original budget not including State funding matching component for Commonwealth grants being finalised, funding towards Emergency Alert, sector contributions towards shared sector IT projects and brought forward funds for new headquarters.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budget performance (continued)

		Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
	Note			
Investing Expenditure Summary				
Total existing projects	c	1 642	2 393	751
Total annual programs	d	-	510	510
Total investing expenditure		1 642	2 903	1 261

- c Total existing projects actuals were higher than budgeted due to the timing of carryovers in relation to the sector's new data management system and funds brought forward from 2021-22 to 2018-19 to fund expenses for the new headquarters.
- d Total annual projects actuals were higher than budgeted due to timing of additional contributions from within the sector towards other shared sector IT projects

1.5. Significant transactions with government entities

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

The following transactions were significant for SAFECOM consolidated entities:

- Approximately 80% of lease payments relate to accommodation supplied by DPTI and cars supplied by Fleet SA.
- Payments of \$16.681 million to the Attorney-General's Department for the government radio network.

The following transactions were significant for SAFECOM:

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key Management Personnel

The Consolidated key management personnel includes the Minister, the Chief Executive of SAFECOM, the Chief Officers of MFS, CFS and SES, and four members of the Executive Teams, who have responsibility for the strategic direction and management of the agencies.

Key management personnel of SAFECOM include the Minister, the members of the SAFECOM Board and the Chief Executive, who have responsibility for the strategic direction and management of the agency.

The compensation detailed below for Consolidated includes salaries and other benefits for all key management personnel paid by SAFECOM, MFS, CFS and SES. The compensation detailed below for SAFECOM includes salaries and other benefits for the Chief Executive of SAFECOM and non-government Board members paid by SAFECOM.

Total compensation for Consolidated key management personnel was \$2.26 million in 2018-19 and \$2.30 million in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Emergency Services receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
Compensation	\$'000	\$'000	\$'000	\$'000
Salaries and other short term employee benefits	2 052	2 076	418	454
Post-employment benefits	208	229	37	43
Total compensation	2 260	2 305	455	497

Transactions with key management personnel and other related parties

There are no material transactions or balances to disclose with key management personnel or related parties.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members

Members of boards and committees during 2018-19 were:

**South Australian Fire and Emergency Services
Commission Board**

A De Piaz*
C A King
C J Adlam (Max)
C J Beattie*
C Thomas* (appointed 18 October 2018)
D F Barry*
D Lane* (appointed 3 June 2019)
G B Northcott (term expired 29 August 2018)
G H Nettleton*
J D Lindner
J Tucker
M G Jackman* (term expired 31 May 2019)
M J Morgan* (appointed 18 July 2018)
P M Fletcher* (appointed 18 October 2018)
S J Caracoussis
S St Alban
W A Hicks ESM

**South Australian Fire and Emergency Services
Commission Audit and Risk Committee**

A Chia
C King
J Tucker

**South Australian Metropolitan Fire Service
Disciplinary Committee**

J L Virgo* (appointed 29 November 2018)
L D P Holland
M Vander-Jeugd* (term expired 28 November 2018)
P L Kilsby*

State Bushfire Coordination Committee

A Allen*
A De Piaz*
C B Daniels
C Gibson*
C W Patterson*
D Colliar
D Leblond*
D S Gilbertson
E M Sommerville
E Petrenas*
F Crisci*
F Dunstan*
F J Gill*
G H Nettleton*
G P Benham* (appointed 20 December 2018)
H L Greaves
I Tanner*
J B Drew*
J Crampton*
J D Lindner
J Frizenschaf*
J Nairn*
J Psyridis*
J S Crocker*
J Stocombe*
K M Egan
M C Roche
M M Healy*
M R Sutton*
N G Bamford*
N Rea
P R White
S A Reardon
S Barone
T M W Kelly
W B Thorley
W R McIntosh

* In accordance with the Premier and Cabinet's Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members (continued)

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

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
\$nil	44	48	12	11
\$1 - \$19 999	8	10	1	6
\$20 000 - \$39 999	5	1	5	1
Total	57	59	18	18

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was Consolidated \$162 843 (2018: \$116 000) and SAFECOM \$152 638 (2018: \$106 000).

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

2.3. Employee benefits expenses

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	121 021	114 674	5 885	5 528
Workers compensation	34 285	44 518	30	103
Employment on-costs - superannuation	17 111	18 373	766	986
Additional compensation	(1 329)	18 365	(70)	286
Annual leave	15 068	13 527	640	545
Payroll tax	8 053	7 547	368	348
Long service leave	9 335	5 763	535	443
Skills and experience retention leave	1 429	1 028	53	58
Board fees	150	106	139	97
Other employment related expenses	467	615	18	20
Total employee benefits expenses	205 590	224 516	8 364	8 414

Employment on costs - superannuation

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

Additional compensation

Additional compensation was introduced in 2018, refer to note 7.2.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.3. Employee benefits expenses (continued)

Remuneration of employees

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

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	Number	Number	Number	Number
\$149 000 to \$151 000*	N/A	20	-	-
\$151 001 to \$171 000	125	90	-	-
\$171 001 to \$191 000	31	15	-	-
\$191 001 to \$211 000	5	2	-	-
\$211 001 to \$231 000	3	1	-	-
\$231 001 to \$251 000	2	1	-	-
\$251 001 to \$271 000	-	1	-	-
\$271 001 to \$291 000	1	1	-	-
\$291 001 to \$311 000	2	2	1	-
\$311 001 to \$331 000	1	-	-	-
\$391 001 to \$411 000	-	1	-	1
Total number of executives / employees	170	134	1	1

* The \$149 000 to \$151 000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration 2017-18.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was SAFECOM entity \$0.3 million (2018: \$0.4 million) and consolidated \$28.85 million (2018: \$22.36 million).

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.4. Employee benefits liability

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	3 249	3 050	136	127
Annual leave	14 451	13 193	723	682
Skills and experience retention leave	1 860	1 489	82	68
Long service leave	3 397	3 550	192	207
Total current employee benefits	22 957	21 282	1 133	1 084
Non-current				
Long service leave	36 904	30 749	2 370	2 077
Total non-current employee benefits	36 904	30 749	2 370	2 077
Total employee benefits	59 861	52 031	3 503	3 161

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 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 skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention liability are payable later than 12 months, the liability will be measured at present value.

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 11.1.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

Employee benefits expenses are disclosed in note 2.3

3.1. Supplies and services

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Government radio network	16 681	16 355	-	-
Aerial support costs	13 536	9 915	-	-
Vehicles	9 553	8 889	-	1
Uniforms and protective clothing	6 227	7 640	1	-
Property Costs	7 723	7 029	46	97
Consultancy, contractor and legal fees	5 616	4 185	1 189	1 149
Operational costs	5 551	5 085	26	52
Communications	5 275	3 711	2 305	1 393
Operating lease payments	4 750	4 333	568	453
Travel and training	4 398	3 596	128	136
Computing costs	4 283	4 517	555	1 109
Shared Services SA fees	1 799	1 763	1 791	1 747
Insurance premiums	547	611	9	9
Other expenses	5 625	5 021	308	347
Total supplies and services	91 564	82 650	6 926	6 493

The total supplies and services amount disclosed includes GST amounts not recoverable from ATO due to SAFECOM not holding a tax invoice or payments relating to third party arrangements.

Other

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the *Public Finance and Audit Act* were \$201 000 (2018: \$198 000) for the sector and \$113 000 (2018: \$110 000) for SAFECOM. These costs are recognised in 'other expenses' above. No other services were provided by the Auditor-General's Department.

Operating Leases

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

Consultants

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

	Consolidated				SAFECOM Entity			
	2019	2019	2018	2018	2019	2019	2018	2018
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10 000	8	27	11	34	1	3	4	17
\$10 000 or above	7	1 217	6	251	1	10	4	223
Total	15	1 244	17	285	2	13	8	240

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.2. Depreciation and amortisation expense

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Vehicles	11 949	12 086	-	9
Buildings	5 436	5 435	3	3
Communications	2 380	2 276	25	-
Plant and equipment	1 110	1 041	20	20
Computers	475	454	112	90
Total depreciation	21 350	21 292	160	122
Amortisation				
Computer software	155	377	74	321
Total amortisation	155	377	74	321
Total depreciation and amortisation	21 505	21 669	234	443

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Land and non-current assets held for sale are not depreciated.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Useful life

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Consolidated	SAFECOM Entity
	Useful life (years)	Useful life (years)
Buildings	40-50	40
Vehicles	15-20	15
Communications equipment	10	N/A
Plant and equipment	10	10
Computer equipment	5	5
Intangibles	5	5

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3. Grants and subsidies

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Recurrent grant	5 225	4 099	4 798	3 698
Total grants and subsidies	5 225	4 099	4 798	3 698

3.4. Net gain / loss from disposal of non-current assets

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Vehicles				
Proceeds from disposal	417	440	-	14
Less net book value of assets disposed	(388)	(449)	-	(14)
Net gain / (loss) from disposal of vehicles	29	(9)	-	-
Plant and equipment				
Proceeds from disposal	11	-	-	-
Less net book value of assets disposed	(10)	-	-	-
Net gain / (loss) from disposal of plant and equipment	1	-	-	-
Total assets				
Total proceeds from disposal	428	440	-	14
Less net book value of assets disposed	(398)	(449)	-	(14)
Total net gain / (loss) from disposal of non-current assets	30	(9)	-	-

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.

3.5. Other expenses

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Intangible write off	-	922	-	922
Total other expenses	-	922	-	922

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4. Income

4.1. Revenues from SA Government

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Revenues from SA Government				
Contributions from Community Emergency Services Fund	280 394	250 969	17 811	14 759
Commonwealth grants received via Treasury and Finance	3 653	3 213	2 488	2 088
Other revenues from SA Government	6 395	2 819	2 799	22
Total revenues from SA Government	290 442	257 001	23 098	16 869
Net revenues from SA Government	290 442	257 001	23 098	16 869

Revenues from SA Government for SAFECOM entity consist of \$19.59 million (2018: \$15.54 million) for operational funding and \$3.50 million (2018: \$1.32 million) for capital projects.

Revenues from SA Government for the consolidated sector comprised \$256.52 million (2018: \$230.89 million) for operational funding and \$33.92 million (2018: \$26.12 million) for capital projects.

Contributions from Community Emergency Services Fund are recognised as revenues when SAFECOM 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 1.4, 3.1, 3.3, 5.1 and 5.2.

4.2. Revenues from fees and charges

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Fire alarm attendance fees	2 489	2 609	-	-
Fire alarm monitoring fees	2 530	2 439	-	-
Incident cost recoveries	1 911	243	-	-
Rent of premises	695	630	-	-
Salary recovery	650	634	650	633
Fire safety fees	558	498	-	-
Training and other recoveries	-	1	-	-
Other recoveries	37	131	-	-
Total revenues from fees and charges	8 870	7 185	650	633

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.3. Grants and contributions

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Commonwealth Government	260	105	-	-
State Government	157	511	119	281
Private industry and local government	2 434	2 022	-	16
Total grants and contributions	2 851	2 638	119	297

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

Private industry funding for Consolidated mainly relates to the provision of fire and emergency services to Commonwealth properties and contributions towards aerial firefighting costs and Commonwealth grant funding relates to Natural Disaster Resilience Program funding for emergency management projects

4.4. Interest revenues

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Dividend Income	6	-	-	-
Interest on deposit accounts	207	249	54	59
Total interest revenues	213	249	54	59

4.5. Donated Asset

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
Donated asset	99	-	-	-
Total Donated asset	99	-	-	-

In 2018-19 the SES received donated shares. These shares are not held for trading

4.6. Other income

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Sundry revenues	817	583	8	27
Salary recoveries	15	255	-	-
Rent received	46	75	-	-
Insurance recoveries	68	43	-	-
Donations	26	4	-	-
Groups/Brigades/Units fundraising	26	7	-	-
Other	224	145	-	1
Total other income	1 222	1 112	8	28

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.7. Resources received free of charge

SES and CFS volunteer members give a significant number of hours to providing front line emergency response services to the community and in other support roles. A value for volunteers is not recognised in the financial statements as the recognition criteria of AASB 1058 *Income of Not-For-Profit Entities* has not been met.

5. Non-financial assets

5.1. Property, plant and equipment

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Land				
Land at fair value	65 891	65 049	-	-
Total land	65 891	65 049	-	-
Buildings				
Buildings at fair value	141 192	137 585	29	29
Accumulated depreciation	(29 615)	(24 179)	(17)	(14)
Total buildings	111 577	113 406	12	15
Vehicles				
Vehicles at fair value	192 846	181 549	-	-
Accumulated depreciation	(64 004)	(52 377)	-	-
Total vehicles	128 842	129 172	-	-
Communication (Comms.) equipment				
Communication equipment at fair value	21 838	20 798	148	-
Accumulated depreciation	(9 106)	(6 726)	(25)	-
Total communication equipment	12 732	14 072	123	-
Computer equipment				
Computer equipment at fair value	2 542	2 452	673	594
Accumulated depreciation	(1 800)	(1 325)	(348)	(236)
Total computer equipment	742	1 127	325	358
Plant and equipment				
Plant and equipment at fair value	11 766	10 347	228	228
Accumulated depreciation	(4 784)	(3 692)	(189)	(169)
Total plant and equipment	6 982	6 655	39	59
Capital work in progress				
Capital work in progress at cost	36 260	30 418	1 469	1 172
Total capital work in progress	36 260	30 418	1 469	1 172
Total property, plant and equipment	363 026	359 899	1 968	1 604

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.1. Property, plant and equipment (continued)

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

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

Impairment

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

Reconciliation of property, plant and equipment during 2018-19

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated								
Carrying amount at 1 July 2018	65 049	113 406	129 172	14 072	1 127	6 655	30 418	359 899
Acquisitions	690	-	21	-	-	37	26 520	27 268
Disposals	-	-	(388)	-	-	(10)	-	(398)
Transfers from capital WIP	152	3 607	11 986	1 040	90	1 410	(20 687)	(2 402)
Depreciation	-	(5 436)	(11 949)	(2 380)	(475)	(1 110)	-	(21 350)
Other	-	-	-	-	-	-	9	9
Carrying amount at 30 June 2019	65 891	111 577	128 842	12 732	742	6 982	36 260	363 026

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.1. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment during 2017-18

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated								
Carrying amount at 1 July 2017	65 027	115 446	125 935	14 940	1 417	6 628	23 078	352 471
Acquisitions	-	-	14	-	-	-	29 593	29 607
Disposals	-	-	(449)	-	-	-	-	(449)
Transfers from capital WIP	-	3 395	15 758	1 408	164	1 068	(22 202)	(409)
Assets received free of charge	-	-	-	-	-	-	-	-
Depreciation	-	(5 435)	(12 086)	(2 276)	(454)	(1 041)	-	(21 292)
Capital WIP - expensed in current period	-	-	-	-	-	-	(51)	(51)
Other	22	-	-	-	-	-	-	22
Carrying amount at 30 June 2018	65 049	113 406	129 172	14 072	1 127	6 655	30 418	359 899

Reconciliation of property, plant and equipment during 2018-19

	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SAFECOM							
Carrying amount at 1 July 2018	15	-	-	358	59	1 172	1 604
Acquisitions	-	-	-	-	-	2 903	2 903
Transfers from capital WIP	-	-	148	79	-	(2 606)	(2 379)
Depreciation	(3)	-	(25)	(112)	(20)	-	(160)
Carrying amount at 30 June 2019	12	-	123	325	39	1 469	1 968

Reconciliation of property, plant and equipment during 2017-18

	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SAFECOM							
Carrying amount at 1 July 2017	18	23	-	320	79	225	665
Acquisitions	-	-	-	-	-	1,374	1 374
Disposals	-	(14)	-	-	-	-	(14)
Transfers from capital WIP	-	-	-	128	-	(427)	(299)
Depreciation	(3)	(9)	-	(90)	(20)	-	(122)
Carrying amount at 30 June 2018	15	-	-	358	59	1 172	1 604

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2. Intangible assets

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Computer software				
Computer software at cost	4 932	2 768	4 451	2 072
Accumulated amortisation	(2 300)	(2 383)	(2 037)	(1 963)
Total computer software	2 632	385	2 414	109
Total intangible assets	2 632	385	2 414	109

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

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

Reconciliation 2018-19

	Consolidated	SAFECOM Entity
	Computer software	Computer software
	\$'000	\$'000
Carrying amount at 1 July 2018	385	109
Additions	-	-
Write off	-	-
Transfers from capital WIP	2 402	2 379
Amortisation	(155)	(74)
Carrying amount at 30 June 2019	2 632	2 414

Reconciliation 2017-18

	Consolidated	SAFECOM Entity
	Computer software	Computer software
	\$'000	\$'000
Carrying amount at 1 July 2017	1 274	1 052
Additions	-	-
Write off	(922)	(922)
Transfers from capital WIP	410	300
Amortisation	(377)	(321)
Carrying amount at 30 June 2018	385	109

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6. Financial assets

6.1. Cash and cash equivalents

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash on hand	12	11	-	-
Deposits with the Treasurer	29 434	17 595	7 598	6 366
Cash at bank	36	560	-	-
Cash at bank - Groups/Brigades/Units	4 283	4 379	-	-
Short-term deposits - Groups/Brigades/Units	754	704	-	-
Short-term deposits	72	60	-	-
Total cash and cash equivalents	34 591	23 309	7 598	6 366

Cash is measured at nominal amounts.

Deposits with the Treasurer

One operating account is held with the Treasurer. This account is interest bearing.

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. Deposits at call and with the Treasurer earn a floating interest rate, based on daily deposit rates. The carrying amount of cash and cash equivalents represents fair value.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.2. Receivables

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Receivables	3 124	2 697	54	11
Less allowance for doubtful debts	(15)	(99)	-	-
Prepayments	434	364	4	1
Accrued revenues	1 400	79	5	3
GST input tax recoverable	2 823	2 555	602	544
Total current receivables	7 766	5 596	665	559
Total receivables	7 766	5 596	665	559

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

Impairment of Receivables

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	99	-	-	-
Adjustments on initial adoption of AASB 9	(84)	-	-	-
Carrying amount at beginning of the period	15	92	-	-
Increase/(decrease) in the allowance	2	76	-	-
Amounts written off	(2)	(23)	-	-
Amounts recovered during the year	-	(46)	-	-
Carrying amount at the end of the period	15	99	-	-

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.3. Other financial assets

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Medium Term Deposits - Groups/Brigades/Units	2 356	2 805	-	-
Investments				
Investments classified as fair value through other comprehensive income				
Listed equity instruments	105	-	-	-
Total current other financial assets	2 461	2 805	-	-
Total other financial assets	2 461	2 805	-	-

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.

During the current year, the 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 11.3. For further information on the impact of the AASB 9 refer to note 9.2

6.4. Non-current assets classified as held for sale

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Land	742	742	-	-
Total non-current assets classified as held for sale	742	742	-	-

A tender to sell surplus SACFS land at Port Lincoln during 2011 failed to be realised, and as at 30 June 2019 the property continues to remain on the market for sale.

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

The Sector has measured the land and buildings held for sale at fair value less costs to sell because the assets' fair value less costs to sell is lower than its carrying amount.

An independent site valuation was provided by a Certified Practising Valuer for the property upon its classification as held for sale. The valuation was based on recent market transactions for similar unrestricted land and buildings in the area and includes adjustment for factors specific to the land and building such as size and location. This valuation was in accordance with the valuation principles and technique outlined in note 11.2 (i.e. there was no change to valuation technique).

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4

7.1. Payables

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	1 792	1 587	274	64
Accrued expenses	15 984	13 474	2 195	2 306
Paid parental leave scheme payable	3	-	3	-
Employment on-costs	4 597	4 312	189	189
Total current payables	22 376	19 373	2 661	2 559
Non-current				
Creditors	8	8	-	-
Employment on-costs	5 798	4 748	217	191
Total non-current payables	5 806	4 756	217	191
Total payables	28 182	24 129	2 878	2 750

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

Employment on-costs

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

The actuarial assessment performed by the Department of Treasury and Finance (DTF), has resulted in the percentage of the proportion of long service leave taken as leave has remain unchanged at 41% and the average factor for the calculation of employer superannuation cost on-cost is 9.8% (2018: 9.9%). 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.

Paid Parental Leave Scheme

Paid Parental Leave Scheme payable represents amounts which SAFECOM has received from the Commonwealth Government to forward onto eligible employees via SAFECOM's standard payroll processes. That is, SAFECOM is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Provision for workers' compensation	13 410	11 420	50	53
Additional compensation	511	530	4	6
Total current provisions	13 921	11 950	54	59
Non-current				
Provision for workers' compensation	72 190	45 659	53	50
Additional compensation	15 999	17 835	212	280
Total non-current provisions	88 189	63 494	265	330
Total provisions	102 110	75 444	319	389
Movement in provisions				
	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Workers' compensation				
Carrying amount at the beginning of the period	57 079	18 927	103	42
Additional provision recognised	34 285	44 485	30	102
Reductions arising from payments	(5 764)	(6 333)	(30)	(41)
Carrying amount at the end of the period	85 600	57 079	103	103
Additional compensation				
Carrying amount at the beginning of the period	18 365	-	286	-
Additional provision recognised	-	18 365	-	286
Reductions resulting from re-measurement	(1 330)	-	(70)	-
Reductions arising from payments	(525)	-	-	-
Carrying amount at the end of the period	16 510	18 365	216	286

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions (continued)

Workers Compensation

The emergency services sector is responsible for the payment of workers' compensation claims.

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

There is a significant degree of uncertainty associated with estimating future claim and expense payments. The actuarial assessment is sensitive to changes in assumptions and as claim costs are received and assessed, assumptions will be based on more extensive experience.

Presumptive workers' compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers' compensation provision as at 30 June 2019 includes an actuarial assessment of firefighters cancer claims. The actuary has included an estimate for injuries incurred but not reported

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

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

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

Key assumptions in the estimate include:

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

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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

Current year – 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.

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'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	34 591	23 309	7 598	6 366
Balance as per Statement of Cash Flows	34 591	23 309	7 598	6 366
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services				
Net cash provided by / (used in) operating activities	37 673	23 151	4 135	2 347
Less revenues from SA Government	(290 442)	(257 001)	(23 098)	(16 869)
Add / (less) non-cash items				
Depreciation and amortisation	(21 505)	(21 669)	(234)	(443)
Donated assets	99	-	-	-
Assets acquired at no cost	-	22	-	-
Capital work-in-progress expensed	-	(51)	-	-
Intangible write off	-	(922)	-	(922)
Net gain/(loss) from disposal of non-current assets	30	(9)	-	-
Movement in assets and liabilities				
Increase/(decrease) in receivables	2 086	1 378	106	(965)
(Increase)/decrease in payables	(4 044)	(7 766)	(128)	(1 376)
(Increase)/decrease in employee benefits	(7 830)	(3 297)	(342)	(378)
(Increase)/decrease in provisions	(26 666)	(56 517)	70	(347)
Net cost of providing services	(310 599)	(322 681)	(19 491)	(18 953)

South Australian Fire and Emergency Services Commission

Notes to and forming part of the financial statements

for the year ended 30 June 2019

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statement)

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

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

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

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

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

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

9.2. AASB 9 Financial Instruments

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

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

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

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9.2. AASB 9 Financial Instruments (continued)

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

	SAFECOM	
	Consolidated	Entity
	2018	2018
	\$'000	\$'000
Closing retained earnings 30 June 2018 – AASB 139	176 286	-
Adjustment to retained earnings from adoption of AASB 9	84	-
Opening retained earnings 1 July 2018 – AASB 9	176 370	-

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

Reclassification of financial instruments on adoption of AASB 9

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

	<u>Consolidated</u>		AASB 139 at 30 June 2018 \$'000	Carrying amount re- measurement \$'000	AASB 9 at 1 July 2018 \$'000
	Measurement category				
	AASB 139	AASB 9			
<u>Current financial assets</u>					
Receivables	Loans and receivables	Amortised cost	2 775	84	2 859
Other financial assets	Held to maturity	Amortised cost	2 805	-	2 805
<u>Current financial liabilities</u>					
Payables	Amortised cost	Amortised cost	14 871	-	14 871

	<u>SAFECOM Entity</u>		AASB 139 at 30 June 2018 \$'000	Carrying amount re- measurement \$'000	AASB 9 at 1 July 2018 \$'000
	Measurement category				
	AASB 139	AASB 9			
<u>Current financial assets</u>					
Receivables	Loans and receivables	Amortised cost	14	-	14
<u>Current financial liabilities</u>					
Payables	Amortised cost	Amortised cost	2 260	-	2 260

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9.2. AASB 9 Financial Instruments (continued)

Impairment of financial assets

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

- trade receivables from provision of services

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

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. SAFECOM has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in an increase of the loss allowance on 1 July 2018 of \$84 000 for trade receivables external to Government.

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

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

Equity investments

Equity investments that would previously have been classified as available-for-sale are have been designated as fair value through other comprehensive income because these investments were donated for the SAFECOM to hold for the long-term to be used to support public education campaigns on a range of government initiatives.

As a result, equity investments with a fair value of \$105 000 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income upon recognition. A new reserve has not been established, however the nature and purpose of the reserve has changed as described in note 8.1. This change did not affect retained earnings at 1 July 2018.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10. Outlook

10.1. Unrecognised contractual commitments

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

Operating lease commitments

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

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Within one year	3 875	3 388	490	451
Later than one year but not later than five years	5 526	2 893	233	193
Later than five years	1 904	93	-	-
Total operating lease commitments	11 305	6 374	723	644

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the property lease agreements require the minimum monthly lease payments to be increased annually or based on a Consumer Price Index movement.

Capital commitments

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

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Within one year	12 606	2 805	-	336
Total capital commitments	12 606	2 805	-	336

These capital commitments are for property and vehicles and PABX system.

Expenditure commitments

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

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Within one year	7 075	3 968	1 049	1 157
Later than one year but not later than five years	4 740	1 274	255	76
Total expenditure commitments	11 815	5 242	1 304	1 233

Consolidated expenditure commitments relate primarily to aerial firefighting (SACFS), fire appliance modifications (SAMFS) and Emergency Alert national emergency warning system (SAFECOM).

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Contingent assets

SAFECOM Entity

SAFECOM entity has sought damages from a supplier for an alleged breach of contract. The outcome of the claim cannot be reliably determined at this stage.

Contingent liabilities

SAFECOM Entity

A supplier has taken legal action against SAFECOM entity for an intellectual property claim. The outcome of the claim cannot be reliably determined at this stage.

10.3. Impact of Standards and Statements not yet implemented

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

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

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

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

Objective

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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

Impact on 2019-20 financial statements

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

Related accounting policies

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

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

AASB 16 – Leases

SAFECOM will adopt AASB 16 – Leases from 1 July 2019.

Objective

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

Impact on 2019-20 financial statements

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

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

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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

	Consolidated as at 1 July 2019 \$'000	SAFECOM Entity as at 1 July 2019 \$'000
Assets		
Right-of-use assets	9 625	696
Liabilities		
Lease liabilities	9 625	696
Net impact on equity	-	-

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

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

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

	Consolidated 2020 \$'000	SAFECOM Entity 2020 \$'000
Depreciation and amortisation	3 209	472
Supplies and services	(3 256)	(476)
Borrowing costs	147	7
Net impact on net cost of providing services	100	3

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

Related accounting policies

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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

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

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

10.4. Trust funds

	Consolidated		SAFECOM Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank	189	156	-	-
Total trust funds	189	156	-	-

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. SASES will administer these funds until they are fully expended. In 2018-19, total income earned by the Council was \$42 000 (2018: \$42 000) and expenses incurred totalled \$1 000 (2018: \$42 000).

10.5. Events after the reporting period

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11. Measurement and risk

11.1. Long service leave

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.75%) to 2019 (1.25%).

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

The net financial effect of the changes in the current financial year is not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

South Australian Fire and Emergency Services Commission

Notes to and forming part of the financial statements

for the year ended 30 June 2019

11.2. Fair value

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

Initial recognition

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

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

Revaluation

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

The revaluation process is reviewed by SAFECOM 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.

Fair value hierarchy

SAFECOM 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 2019 and 2018, SAFECOM 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 Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

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

	Note	Consolidated			SAFECOM Entity	
		Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements						
Land	5.1	14 046	51 845	65 891	-	-
Buildings	5.1	22 728	88 849	111 577	12	12
Vehicles	5.1	-	128 842	128 842	-	-
Communication (Comms.) equipment	5.1	-	12 732	12 732	123	123
Computer equipment	5.1	-	742	742	325	325
Plant and equipment	5.1	-	6 982	6 982	39	39
Total recurring fair value measurements		36 774	289 992	326 766	499	499
Non-recurring fair value measurements						
Land held for sale	6.4	742	-	742	-	-
Total non-recurring fair value measurements		742	-	742	-	-
Total fair value measurements		37 516	289 992	327 508	499	499

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

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

	Note	Consolidated			SAFECOM Entity	
		Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements						
Land	5.1	13 357	51 692	65 049	-	-
Buildings	5.1	20 665	92 741	113 406	15	15
Vehicles	5.1	-	129 172	129 172	-	-
Communication (Comms.) equipment	5.1	-	14 072	14 072	-	-
Computer equipment	5.1	-	1 127	1 127	358	358
Plant and equipment	5.1	-	6 655	6 655	59	59
Total recurring fair value measurements		34 022	295 459	329 481	432	432
Non-recurring fair value measurements						
Land held for sale	6.4	742	-	742	-	-
Total non-recurring fair value measurements		742	-	742	-	-
Total fair value measurements		34 764	295 459	330 223	432	432

Land and Buildings

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

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

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

Plant and equipment

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

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

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

Consolidated	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	51 692	92 741	129 172	14 072	1 127	6 655	295 459
Acquisitions	-	-	-	-	-	37	37
Capitalised asset transfers	153	743	12 008	1 040	90	1 400	15 434
Disposals	-	-	(389)	-	-	-	(389)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(4 635)	(11 949)	(2 380)	(475)	(1 110)	(20 549)
Total gains/(losses) recognised in net result	-	(4 635)	(11 949)	(2 380)	(475)	(1 110)	(20 549)
Closing balance at the end of the period	51 845	88 849	128 842	12 732	742	6 982	289 992

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

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

Consolidated	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	51 667	95 903	125 935	14 940	1 417	6 628	296 490
Acquisitions	-	-	14	-	-	-	14
Capitalised asset transfers	-	1 432	15 758	1 408	164	1 068	19 830
Other	25	-	-	-	-	-	25
Disposals	-	-	(449)	-	-	-	(449)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(4 594)	(12 086)	(2 276)	(454)	(1 041)	(20 451)
Total gains/(losses) recognised in net result	-	(4 594)	(12 086)	(2 276)	(454)	(1 041)	(20 451)
Closing balance at the end of the period	51 692	92 741	129 172	14 072	1 127	6 655	295 459

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

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

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

SAFECOM Entity	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	15	-	-	358	59	432
Capitalised asset transfers	-	-	148	79	-	227
Gains/(losses) for the period recognised in net result:						
Depreciation	(3)	-	(25)	(112)	(20)	(160)
Total gains/(losses) recognised in net result	(3)	-	(25)	(112)	(20)	(160)
Closing balance at the end of the period	12	-	123	325	39	499

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

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

SAFECOM Entity	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	18	23	-	320	79	440
Capitalised asset transfers	-	-	-	128	-	128
Disposals	-	(14)	-	-	-	(14)
Gains/(losses) for the period recognised in net result:						
Depreciation	(3)	(9)	-	(90)	(20)	(122)
Total gains/(losses) recognised in net result	(3)	(9)	-	(90)	(20)	(122)
Closing balance at the end of the period	15	-	-	358	59	432

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments

Financial risk management

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

The exposure of SAFECOM 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 SAFECOM is unable to meet its financial obligations as they fall due. SAFECOM is funded principally from the Fund. SAFECOM 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 7.1 for further information

Credit risk

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

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. SAFECOM 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, SAFECOM 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 department'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 department is exposed to credit risk.

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

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

The expected credit loss for non-government debtors for consolidated is \$15,000. The expected credit loss for non-government debtors for SAFECOM is nil.

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

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

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

Receivables with a contractual amount of \$2 000 written off during the year are still subject to enforcement activity.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

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

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

Market risk

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

SAFECOM has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SAFECOM'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 notes.

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

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

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost.

SAFECOM does not recognise any financial assets or financial liabilities at fair value.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 6.2 and 7.1).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer note 6.1).

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

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

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

The department measures all financial instruments, except equity investments, at amortised cost.

Categorisation of financial assets and liabilities

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities Consolidated		Carrying amount / fair value \$'000	2019 Contractual maturities SAFECOM Entity	
			Current \$'000	More than 5 years \$'000		Current \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents							
Cash and cash equivalents	6.1	34 591	34 591	-	7 598	7 598	-
Financial assets at amortised cost							
Receivables		4 409	4 409	-	55	55	-
Financial assets classified as fair value through other comprehensive income							
Other financial assets	6.3	105	105	-	-	-	-
	6.3	2 356	2 356	-	-	-	-
Total financial assets		41 461	41 461	-	7 653	7 653	-
Financial liabilities							
Financial liabilities at amortised cost							
Payables		16 876	16 868	8	2 469	2 469	-
Total financial liabilities		16 876	16 868	8	2 469	2 469	-

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Categorisation of financial assets and liabilities

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities Consolidated		Carrying amount / fair value \$'000	2018 Contractual maturities SAFECOM Entity	
			Current \$'000	More than 5 years \$'000		Current \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents							
Cash and cash equivalents	6.1	23 309	23 309	-	6 366	6 366	-
Receivables		2 775	2 775	-	14	14	-
Other financial assets	6.3	2 805	2 805	-	-	-	-
Total financial assets		28 889	28 889	-	6 380	6 380	-
Financial liabilities							
Payables		14 871	14 863	8	2 260	2 260	-
Total financial liabilities		14 871	14 863	8	2 260	2 260	-

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

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

Community Emergency Services Fund

Financial Statements

For the year ended 30 June 2019

Community Emergency Services Fund
Statement of Administered Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered expenses			
Contributions to SA Government administrative units	A2.1	308 957	278 842
Grants and subsidies	A2.2	6 231	5 664
Other	A2.3	7 976	8 347
Total administered expenses		323 164	292 853
Administered income			
Levy sources	A3.1	319 784	299 682
Fees and charges	A3.2	457	452
Interest	A3.3	1 425	1 343
Other	A3.4	30	-
Total administered income		321 696	301 477
Net result		(1 468)	8 624
Total comprehensive result		(1 468)	8 624

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

Community Emergency Services Fund
Statement of Administered Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered current assets			
Cash and cash equivalents	A4.1	32 053	30 796
Receivables	A4.2	1 707	1 530
Total current assets		<u>33 760</u>	<u>32 326</u>
Administered current liabilities			
Payables	A5.1	3 635	733
Total current liabilities		<u>3 635</u>	<u>733</u>
Net assets		<u>30 125</u>	<u>31 593</u>
Administered equity			
Retained earnings		30 125	31 593
Total equity		<u>30 125</u>	<u>31 593</u>

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

Community Emergency Services Fund
Statement of Administered Cash Flows
for the year ended 30 June 2019

		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government administrative units		(305 417)	(279 512)
Payments of grants and subsidies		(6 865)	(5 092)
Other payments		(7 980)	(8 350)
Cash used in operations		<u>(320 262)</u>	<u>(292 954)</u>
Cash inflows			
Receipts from levy sources		319 548	299 681
Fees and charges		456	452
Interest received		1 485	1 282
Other receipts		30	-
Cash generated from operations		<u>321 519</u>	<u>301 415</u>
Net cash provided by / (used in) operating activities	A6.1	<u>1 257</u>	<u>8 461</u>
Net increase / (decrease) in cash and cash equivalents		<u>1 257</u>	<u>8 461</u>
Cash and cash equivalents at the beginning of the reporting period		<u>30 796</u>	<u>22 335</u>
Cash and cash equivalents at the end of the reporting period	A4.1	<u><u>32 053</u></u>	<u><u>30 796</u></u>

The accompanying notes form part of these financial statements.

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

A1.	About the Community Emergency Services Fund	5
A1.1.	Basis of preparation and accounting policies	5
A1.2.	Establishment, objectives and funding arrangements	5
A1.3.	Budget performance	6
A2.	Expenses	7
A2.1.	Contributions to SA Government administrative units	7
A2.2.	Grants and subsidies	7
A2.3.	Other expenses.....	7
A3.	Income.....	8
A3.1.	Revenues from levy sources.....	8
A3.2.	Revenues from fees and charges	8
A3.3.	Interest revenues	8
A3.4.	Other income.....	8
A4.	Financial assets	9
A4.1.	Cash and cash equivalents.....	9
A4.2.	Receivables.....	9
A5.	Liabilities.....	10
A5.1.	Payables	10
A6.	Other disclosures	11
A6.1.	Cash flow reconciliation	11
A7.	Measurement and risk	12
A7.1.	Financial instruments	12

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A1. About the Community Emergency Services Fund

A1.1. Basis of preparation and accounting policies

The basis of preparation for the Community Emergency Services Fund (CESF) is the same as outlined in SAFECOM's financial statements. The fund applies the same accounting policies as set out in the notes of SAFECOM's financial statements.

A1.2. Establishment, objectives and funding arrangements

Establishment

The Community Emergency Services Fund (CESF) was established pursuant to the *Emergency Services Funding Act 1998* (the Act).

Objectives

CESF is the primary source of funding for the State Government's key emergency services agencies: the SA Metropolitan Fire Service (MFS), SA Country Fire Service (CFS), SA State Emergency Service (SES) and SA Fire and Emergency Services Commission (SAFECOM). CESF also provides funding to other State Government agencies and Non-Government Organisations for the provision of emergency services and its related activities, and collection and administration costs, as allowed under section 28(4) the Act.

Funding arrangements

Under section 28(3) the Act, funds collected through the Emergency Services Levy (fixed and mobile property) for both private and Government property owners, Government contributions for concessions and remissions to property owners and interest earned on cash balances are paid into CESF. The administration, collection and policy-setting of the Emergency Services Levy falls within the portfolio responsibilities of the Treasurer.

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A1.3. Budget performance

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

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Contributions to SA Government administrative units	304 021	308 957	4 936
Grants and subsidies	6 853	6 231	(622)
Other	9 369	7 976	(1 393)
Total administered expenses	320 243	323 164	2 921
Income			
Levy sources	315 027	319 784	4 757
Fees and charges	433	457	24
Interest	1 500	1 425	(75)
Other	-	30	30
Total administered income	316 960	321 696	4 736
Net result	(3 283)	(1 468)	1 815
Total comprehensive result	(3 283)	(1 468)	1 815

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

In 2018-19 there were no variances that exceeded the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A2. Expenses

A2.1. Contributions to SA Government administrative units

	2019	2018
	\$'000	\$'000
South Australian Metropolitan Fire Service	148 348	139 225
South Australian Country Fire Service	93 151	77 330
South Australian Police	22 142	21 603
South Australian State Emergency Service	21 084	19 655
South Australian Fire and Emergency Services Commission	17 811	14 759
Department for Environment and Water	3 540	3 459
South Australian Ambulance Service	1 189	1 160
South Australian Police - Government radio network	758	740
Attorney-General's Department - State Rescue Helicopter Service	704	687
South Australian Ambulance Service - Government radio network	230	224
Total contributions to SA Government administrative units	308 957	278 842

A2.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Surf Life Saving South Australia	4 316	4 049
Volunteer Marine Rescue	1 532	1 202
Shark Beach Patrol	383	413
Total grants and subsidies	6 231	5 664

A2.3. Other expenses

	2019	2018
	\$'000	\$'000
Revenue SA - collection costs	6 262	6 664
Department of Planning, Transport and Infrastructure - collection costs	1 061	1 048
Administration costs	653	635
Total other expenses	7 976	8 347

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A3. Income

A3.1. Revenues from levy sources

	2019	2018
	\$'000	\$'000
Fixed property collections	146 209	221 249
Fixed property remissions	119 484	24 909
Mobile collections	44 225	43 678
Government concessions	6 336	6 480
Mobile remissions	3 530	3 366
Total revenues from levy sources	319 784	299 682

A3.2. Revenues from fees and charges

	2019	2018
	\$'000	\$'000
Certificate sales and from other entities within the SA Government	457	452
Total revenue from fees and charges	457	452

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

A3.3. Interest revenues

	2019	2018
	\$'000	\$'000
Interest on deposit accounts - from entities within the SA Government	1 425	1 343
Total interest revenues	1 425	1 343

A3.4. Other income

	2019	2018
	\$'000	\$'000
Other sundry revenue	30	-
Total other income	30	-

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A4. Financial assets

A4.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	32 053	30 796
Total cash and cash equivalents	32 053	30 796

Cash is measured as nominal amounts.

Deposits with the Treasurer

One operating account is held with the Treasurer. This account is interest bearing.

Interest rate risk

Deposits with the Treasurer earn a floating point interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

A4.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Receivables from entities within the SA Government	1 707	1 530
Total current receivables	1 707	1 530
Total receivables	1 707	1 530

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing.

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A5. Liabilities

A5.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors	3 635	733
Total current payables	<u>3 635</u>	<u>733</u>
Total payables	<u><u>3 635</u></u>	<u><u>733</u></u>

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry 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.

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A6. Other disclosures

A6.1. Cash flow reconciliation

	2019	2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	32 053	30 796
Balance as per the Statement of Administered Cash Flows	32 053	30 796
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	1 257	8 461
Movement in assets and liabilities		
Increase/(decrease) in receivables	177	62
(Increase)/decrease in payables	(2 902)	101
Net result	(1 468)	8 624

Community Emergency Services Fund

Notes to the administered financial statements

for the year ended 30 June 2019

A7. Measurement and risk

A7.1. Financial instruments

Financial risk management

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

The exposure of CESF 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.

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 note A1.1.

Refer to table A7.1 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables and payables held at cost.

CESF does not recognise any financial assets or financial liabilities at fair value. The carrying value of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes A4.2 and A5.1). Refer to note 9.2 of SAFECOM's financial statements for further information on adoption of AASB 9 in the current year.

Liquidity risk

CESF is funded principally from Emergency Services Levy contributions, government concessions and remissions, and interest. The payments from CESF are referred by the Economic and Finance Committee, pursuant to the Act, and approved by the Minister for Emergency Services. CESF is an Administered item and cash flows associated with its approved payments and budgeted receipts are managed to ensure funding is available to meet the expected cash flows. Refer to note A5.1 for further information.

Impairment of financial assets

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. All of CESF's debtors at balance date were government debtors. The expected credit loss is nil.

In the comparative period, there was no impairment recognised under the incurred loss model due to the nature of CESF's debtors being government debtors.

Refer to note 11.3 in SAFECOM's financial statements for further information on impairment of financial instruments.

Credit risk

CESF has minimal concentration of credit risk. The fund is dependent on funds collected through the Emergency Services Levy (fixed and mobile property). CESF 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 CESF.

Market risk

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

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

Community Emergency Services Fund
Notes to the administered financial statements
for the year ended 30 June 2019

A7.1. Financial instruments (continued)

Table A7.1 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	A4.1	32 053	32 053	-	-	-
Receivables ⁽¹⁾⁽²⁾		57	57	-	-	-
Total financial assets		32 110	32 110	-	-	-
Financial liabilities						
Payables ⁽¹⁾		3 548	3 548	-	-	-
Total financial liabilities		3 548	3 548	-	-	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	A4.1	30 796	30 796	-	-	-
Receivables ⁽¹⁾⁽²⁾		1 530	1 530	-	-	-
Total financial assets		32 326	32 326	-	-	-
Financial liabilities						
Payables ⁽¹⁾		733	733	-	-	-
Total financial liabilities		733	733	-	-	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; AGD audit fees).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in A4.2 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.