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## To the Chief Officer South Australian State Emergency Service

### Opinion

I have audited the financial report of the South Australian State Emergency Service for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian State Emergency Service as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Officer and the Business Manager.

### Basis for opinion

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

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

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

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

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

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 120(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian State Emergency Service for the financial year ended 30 June 2022.

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

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

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

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

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

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



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

19 September 2022

# **South Australian State Emergency Service**

## **Financial Statements**

For the year ended 30 June 2022

## South Australian State Emergency Service Certification of the Financial Statements

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We certify that the:

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



Chris Beattie  
Chief Officer

16 September 2022



Karen Prideaux  
Business Manager

16 September 2022

**South Australian State Emergency Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2022*

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Contributions from the Community Emergency Services Fund	2.1	22 680	22 913
Fees and charges	2.2	326	261
SA Government grants, subsidies and transfers	2.3	5 658	5 330
Grants and contributions	2.4	250	-
Investment and interest revenues	2.5	6	8
Net gain from disposal of non-current assets	4.2	52	43
Other income	2.6	106	42
<b>Total income</b>		<b>29 078</b>	<b>28 597</b>
<b>Expenses</b>			
Employee benefits expenses	3.2	12 473	12 203
Supplies and services	4.1	12 866	10 758
Grants and subsidies		92	90
Depreciation and amortisation	5.1, 5.4	3 309	3 166
Borrowing Costs		19	19
Other expenses		12	396
<b>Total expenses</b>		<b>28 771</b>	<b>26 632</b>
<b>Net result</b>		<b>307</b>	<b>1 965</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		177	-
<i>Items that will be reclassified to net result when specific conditions are met</i>			
Gains or losses recognised directly in equity	8.1	(8)	15
<b>Total other comprehensive income</b>		<b>169</b>	<b>15</b>
<b>Total comprehensive result</b>		<b>476</b>	<b>1 980</b>

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

**South Australian State Emergency Service**  
**Statement of Financial Position**  
*as at 30 June 2022*

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	2 653	2 246
Receivables	6.2	846	1 461
Other financial assets	6.3	161	159
Non-current assets classified as held for sale	6.4	509	-
<b>Total current assets</b>		<b>4 169</b>	<b>3 866</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	46 872	46 822
Intangible assets	5.4	113	155
Capital works in progress	5.5	6 786	5 412
<b>Total non-current assets</b>		<b>53 771</b>	<b>52 389</b>
<b>Total assets</b>		<b>57 940</b>	<b>56 255</b>
<b>Current liabilities</b>			
Payables	7.1	2 880	1 157
Employee benefits	3.3	1 486	1 584
Provisions	7.3	262	265
Financial liabilities	7.2	121	146
<b>Total current liabilities</b>		<b>4 749</b>	<b>3 152</b>
<b>Non-current liabilities</b>			
Payables	7.1	125	155
Employee benefits	3.3	1 298	1 650
Provisions	7.3	2 282	2 215
Financial liabilities	7.2	750	823
<b>Total non-current liabilities</b>		<b>4 455</b>	<b>4 843</b>
<b>Total liabilities</b>		<b>9 204</b>	<b>7 995</b>
<b>Net assets</b>		<b>48 736</b>	<b>48 260</b>
<b>Equity</b>			
Asset revaluation surplus	8.1	8 686	8 489
Retained earnings	8.1	40 051	39 764
Investments market value reserve	8.1	(1)	7
<b>Total equity</b>		<b>48 736</b>	<b>48 260</b>

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

**South Australian State Emergency Service**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2022*

	Investments	Asset	Retained	Total
	market	revaluation	earnings	equity
	value	surplus	earnings	equity
Note	reserve	surplus	earnings	equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	<b>(8)</b>	<b>8 482</b>	<b>37 806</b>	<b>46 280</b>
Net result for 2020-21	-	-	1 965	1 965
Gains or losses recognised directly in equity	15	-	-	15
<b>Total comprehensive result for 2020-21</b>	<b>15</b>	<b>-</b>	<b>1 965</b>	<b>1 980</b>
Transfer between equity components	-	7	(7)	-
<b>Balance at 30 June 2021</b>	<b>7</b>	<b>8 489</b>	<b>39 764</b>	<b>48 260</b>
<b>Net result for 2021-22</b>	<b>-</b>	<b>-</b>	<b>307</b>	<b>307</b>
Gain on revaluation of land and buildings during 2021-22	-	177	-	177
Gains or losses recognised directly in equity	(8)	-	-	(8)
<b>Total comprehensive result for 2021-22</b>	<b>(8)</b>	<b>177</b>	<b>307</b>	<b>476</b>
Transfer between equity components	-	20	(20)	-
<b>Balance at 30 June 2022</b>	<b>(1)</b>	<b>8 686</b>	<b>40 051</b>	<b>48 736</b>

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

**South Australian State Emergency Service**  
**Statement of Cash Flows**  
*for the year ended 30 June 2022*

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Contributions from Community Emergency Services Fund		22 680	22 913
Receipts from grants and contributions		250	-
Fees and charges		328	261
Investment and interest received		6	8
SA Government grants, subsidies and transfers		6 238	4 788
GST recovered from the ATO		1 641	1 820
Receipts for Paid parental Leave Scheme		14	14
Other receipts		175	51
<b>Cash generated from operations</b>		<b>31 332</b>	<b>29 855</b>
<b>Cash outflows</b>			
Employee benefits payments		(12 890)	(10 603)
Payments for supplies and services		(14 014)	(12 913)
Payments of grants and subsidies		(92)	(90)
Payments for paid Parental Leave Scheme		(14)	(14)
Interest paid		(19)	(19)
<b>Cash used in operations</b>		<b>(27 029)</b>	<b>(23 639)</b>
<b>Net cash provided by operating activities</b>	8.2	<b>4 303</b>	<b>6 216</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		102	69
Proceeds from the sale of investments		-	47
<b>Cash generated from investing activities</b>		<b>102</b>	<b>116</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(3 824)	(6 073)
Purchase of investments		(10)	-
<b>Cash used in investing activities</b>		<b>(3 834)</b>	<b>(6 073)</b>
<b>Net cash used in investing activities</b>		<b>(3 732)</b>	<b>(5 957)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of principal portion of lease liabilities		(164)	(148)
<b>Cash used in financing activities</b>		<b>(164)</b>	<b>(148)</b>
<b>Net cash used in financing activities</b>		<b>(164)</b>	<b>(148)</b>
<b>Net increase in cash and cash equivalents</b>		<b>407</b>	<b>111</b>
Cash and cash equivalents at the beginning of the period		2 246	2 135
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>2 653</b>	<b>2 246</b>

The accompanying notes form part of these financial statements.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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# South Australian State Emergency Service

## Notes to and forming part of the financial statements

For the year ended 30 June 2022

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### 1. About the South Australian State Emergency Service

Under the *Fire and Emergency Services Act 2005* (the Act), the South Australian State Emergency Service (SES) is a not-for-profit body corporate, an agency of the Crown and part of the consolidated Emergency Services Sector (ESS).

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

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

#### 1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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.

#### 1.2. New and amended standards adopted by the SES

The SES has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the SES' financial statements.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

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**1.3. Trust funds**

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

Transactions and balances relating to the trust assets are not recognised as the SES's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Trust Funds', refer note 10.3.

**1.4. Objectives and programs**

**Objectives**

The SES is predominantly volunteer based with the following objectives:

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

**Funding arrangements**

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

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

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

**Programs**

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

These services are predominantly provided by volunteers. As at 30 June 2022, the SES has 1 600 volunteers.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

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**1.5. Impact of COVID-19 pandemic on SES**

The COVID-19 pandemic has impacted on the operations of the SES and the impacts are included under the relevant disclosure notes. The key impacts in 2021-22 were:

- Additional expenditure of \$218 000 to keep personnel and volunteers safe while maintaining service delivery to the community.
- Additional expenditure of \$4.7 million to support the South Australian response to the COVID-19 pandemic, including \$4.2 million to support SAPOL COVID-19 operations at border check points and Adelaide Airport.

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

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

**1.6. Budget performance**

The budget performance table compares the SES outcomes against budget information presented to Parliament (2021-22 Budget paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Note	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Income</b>				
Contributions from the Community Emergency Services				
Fund		22 592	22 680	88
Fees and charges		-	326	326
SA Government grants, subsidies and transfers	(a)	-	5 658	5 658
Grants and contributions		-	250	250
Investment and interest revenues		-	6	6
Other income		100	106	6
Net gain from the disposal of property, plant and equipment		(139)	52	191
<b>Total income</b>		<b>22 553</b>	<b>29 078</b>	<b>6 525</b>
<b>Expenses</b>				
Employee benefits	(a)	8 624	12 473	3 849
Supplies and services	(a)	9 661	12 866	3 205
Grants and subsidies		93	92	(1)
Depreciation and amortisation		3 094	3 309	215
Borrowing costs		16	19	3
Other expenses		849	12	(837)
<b>Total expenses</b>		<b>22 337</b>	<b>28 771</b>	<b>6 434</b>
<b>Net result</b>		<b>216</b>	<b>307</b>	<b>91</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Changes in property, plant and equipment asset revaluation surplus		-	177	177
<i>Items that will be reclassified to net result when specific conditions are met</i>				
Gains or losses recognised directly in equity		-	(8)	(8)
<b>Total other comprehensive income</b>		<b>-</b>	<b>169</b>	<b>169</b>
<b>Total comprehensive result</b>		<b>216</b>	<b>476</b>	<b>260</b>

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

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**1.6. Budget performance (continued)**

	Note	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
<b>Investing expenditure summary</b>				
Total Annual Programs	(b)	3 553	5 020	(1 467)
Total Leases		35	-	35
<b>Total investing expenditure</b>		<b>3 588</b>	<b>5 020</b>	<b>(1 432)</b>

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

- a. Variances to SA Government grants revenue, employee benefits expenditure and supplies and services expenditure is predominantly due to SES providing support to SAPOL for COVID-19 operations.
- b. Variance to Annual Programs is predominantly due to timing of works for the new Strathalbyn SES Unit.

**1.7. Significant transactions with government entities**

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

The following transactions were significant for the SES:

- Contributions from The Fund (refer note 2.1).
- Payment from SAPOL of \$3.9 million for costs of assistance provided in COVID-19 operations (refer note 2.3).
- Payment to the Attorney-General's Department for the government radio network of \$3.2 million (refer note 4.1).

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

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**2. Income**

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

Contributions from The Fund \$22.680 million (2020-21: \$22.913 million) are recognised as revenues when the SES obtains control over the funding. Control over contributions is normally obtained upon receipt.

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

**2.2. Fees and charges**

Revenue from fees and charges \$326 000 (2020-21: \$261 000) is for incident cost recoveries which are from contracts with customers and are recognised in arrears.

The SES provide support to other jurisdictions that request it when an emergency incident occurs. The inputs of the request are outlined in an operating plan and may include personnel, equipment and supplies, and consumables. Payment is made by the jurisdiction who received the assistance in arrears once performance obligations have been met and total costs of assistance have been assessed.

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

	2022	2021
	\$'000	\$'000
Intra government transfers	1 136	-
COVID 19 Support - SAPOL	3 902	3 100
COVID 19 Support - Health SA	317	-
Capital Program	303	2 230
<b>Total SA Government grants subsidies and transfers</b>	<b>5 658</b>	<b>5 330</b>

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

Capital Program funding from DTF is for accelerated unit upgrades, vehicle replacements and purchase of land.

**2.4. Grants and contributions**

Grants and Contributions of \$250 000 (2020-21: nil) are recognised as an asset and income when the SES obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met, this is generally on receipt.

A grant received from NRMA Insurance of \$250 000 to support joint storm preparedness programs and grassroots community engagement activities.

**2.5. Investment and interest revenues**

	2022	2021
	\$'000	\$'000
Dividend Income	6	7
Interest on deposit accounts	-	1
<b>Total interest revenues</b>	<b>6</b>	<b>8</b>

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

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**2.6. Other income**

	2022 \$'000	2021 \$'000
Donations	6	7
Unit fundraising	-	7
Insurance recoveries	2	-
Salary recoveries	45	5
Sundry revenues	41	-
Other	12	23
<b>Total other income</b>	<b>106</b>	<b>42</b>

Other income is recognised upon receipt.

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

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**3. Board, committees and employees**

**3.1. Key management personnel**

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

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

	2022	2021
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	550	778
Post-employment benefits	56	77
<b>Total compensation</b>	<b>606</b>	<b>855</b>

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

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

**3.2. Employee benefits expenses**

	2022	2021
	\$'000	\$'000
Salaries and wages	9 708	8 386
Workers compensation	312	332
Employment on-costs - superannuation	991	886
Annual leave	869	732
Long service leave	(88)	414
Payroll tax	573	519
Skills and experience retention leave	34	30
Targeted voluntary separation payments	69	-
Additional compensation	(59)	870
Other employment related expenses	64	34
<b>Total employee benefits expenses</b>	<b>12 473</b>	<b>12 203</b>

**Employment on-costs - superannuation**

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

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

**Employee remuneration**

	<b>Employees</b>	
	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 - \$157 000*	N/A	1
\$157 001 - \$177 000	4	3
\$177 001 - \$197 000	1	-
\$257 001 - \$277 000	-	1
\$277 001 - \$297 000	1	1
<b>Total</b>	<b>6</b>	<b>6</b>

The total remuneration received by these employees for the year was \$1.134 million (2020-21: \$1.196 million).

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

**Targeted voluntary separation packages (TVSP)**

The number of employees who received a TVSP during the reporting period was 2 (2020-21: nil).

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme payments	69	-
Leave paid to those employees	44	-
<b>Net cost to the TVSP's</b>	<b>113</b>	<b>-</b>

TVSPs include payments made under the Public Sector Workforce Rejuvenation Scheme.

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**3.3. Employee benefits liability**

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	-	354
Annual leave	1 281	1 078
Skills and experience retention leave	48	29
Long service leave	157	123
<b>Total current employee benefits</b>	<b>1 486</b>	<b>1 584</b>
<b>Non-current</b>		
Long service leave	1 298	1 650
<b>Total non-current employee benefits</b>	<b>1 298</b>	<b>1 650</b>
<b>Total employee benefits</b>	<b>2 784</b>	<b>3 234</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

**Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave**

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

**Long service leave**

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

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 3.75% in 2021-22 (2020-21: 1.50%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$296 000 and employee benefits expense of \$296 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 2.50% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

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**4. Expenses**

**4.1. Supplies and services**

	2022	2021
	\$'000	\$'000
Government radio network	3 223	3 144
Short term leases	180	123
Accommodation	1 515	1 266
Operational costs	1 300	1 071
Vehicle	1 029	741
Travel and training	912	593
Property costs	920	626
Computing costs	1 178	1 107
Communication	333	327
Consultancy, contractors and legal fees	1 000	601
Uniforms and protective clothing	363	429
Insurance premiums	109	95
Other expenses	804	635
<b>Total supplies and services</b>	<b>12 866</b>	<b>10 758</b>

**Accommodation**

A part of the SES' accommodation is provided by DIT under MoAA issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within 'Accommodation').

**Other Expenses**

Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$31 000 (2020-21: \$30 000). No other services were provided by the Auditor-General's Department.

**Leases**

The SES recognises lease payments associated with short-term leases (12 months or less) and low value (less than \$10 000) as an expense on a straight-line basis over the lease term. Lease commitments for short-term leases is similar to short term lease expenses disclosed.

**Consultants**

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

	No.	2022	No.	2021
		\$'000		\$'000
Below \$10 000	1	8	1	1
Above \$10 000	1	13	-	-
<b>Total paid / payable to the consultants</b>	<b>2</b>	<b>21</b>	<b>1</b>	<b>1</b>

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

	2022	2021
	\$'000	\$'000
<b>Land and buildings</b>		
Costs of disposal	(17)	-
Less net book value of assets disposed	(14)	-
<b>Net gain / (loss) from disposal of land and buildings</b>	<u>(31)</u>	<u>-</u>
<b>Vehicles</b>		
Proceeds from disposal	119	68
Less net book value of assets disposed	(36)	(26)
<b>Net gain / (loss) from disposal of vehicles</b>	<u>83</u>	<u>42</u>
<b>Plant and equipment</b>		
Proceeds from disposal	-	1
Less net book value of assets disposed	-	-
<b>Net gain / (loss) from disposal of plant and equipment</b>	<u>-</u>	<u>1</u>
<b>Total assets:</b>		
Proceeds from disposal of non-current assets	119	69
Costs of disposal	(17)	-
Net book value of assets disposed	(50)	(26)
<b>Net gain / (loss) from disposal of non-current assets</b>	<u><u>52</u></u>	<u><u>43</u></u>

Gains/losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

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**5. Non-financial assets**

**5.1. Property, plant and equipment**

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

	Land \$'000	Buildings \$'000	Surplus land and buildings \$'000	Vehicles \$'000	Plant & equipment ROU \$'000	Buildings \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	<b>5 262</b>	<b>21 253</b>	-	<b>14 447</b>	<b>4 907</b>	<b>953</b>	<b>46 822</b>
Transfers from capital WIP <sup>(1)</sup>	724	286	-	2 196	427	-	3 633
Transfers between asset classes	(150)	(182)	332	-	-	-	-
Revaluation increment	-	-	177	-	-	-	177
Disposals	-	(14)	-	(36)	-	-	(50)
Remeasurement	-	-	-	-	-	66	66
Transfer out to held for sale	-	-	(509)	-	-	-	(509)
<b>Subtotal:</b>	<b>5 836</b>	<b>21 343</b>	-	<b>16 607</b>	<b>5 334</b>	<b>1 019</b>	<b>50 139</b>
<b>Gains/(losses) for the period recognised in net result:</b>							
Depreciation	-	(1 012)	-	(1 192)	(899)	(164)	(3 267)
<b>Subtotal:</b>	-	<b>(1 012)</b>	-	<b>(1 192)</b>	<b>(899)</b>	<b>(164)</b>	<b>(3 267)</b>
<b>Carrying amount at the end of the period</b>	<b>5 836</b>	<b>20 331</b>	-	<b>15 415</b>	<b>4 435</b>	<b>855</b>	<b>46 872</b>
<b>Gross carrying amount</b>							
Gross carrying amount	5 836	22 875	-	18 527	6 753	1 323	55 314
Accumulated depreciation	-	(2 544)	-	(3 112)	(2 318)	(468)	(8 442)
<b>Carrying amount at the end of the period</b>	<b>5 836</b>	<b>20 331</b>	-	<b>15 415</b>	<b>4 435</b>	<b>855</b>	<b>46 872</b>

\* All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$320 000 and land and building held for sale at \$509 000. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

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

Reconciliation of property, plant and equipment during 2020-21

	Land \$'000	Buildings \$'000	Surplus land and buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	4 617	21 331	-	13 307	5 667	1 113	1	46 036
Transfers from capital WIP <sup>(1)</sup>	645	859	-	2 319	120	-	-	3 943
Disposals	-	-	-	(26)	-	(7)	-	(33)
<b>Subtotal:</b>	<b>5 262</b>	<b>22 190</b>		<b>15 600</b>	<b>5 787</b>	<b>1 106</b>	<b>1</b>	<b>49 946</b>
<b>Gains/(losses) for the period recognised in net result:</b>								
Depreciation	-	(937)	-	(1 153)	(880)	(153)	(1)	(3 124)
<b>Subtotal:</b>	<b>-</b>	<b>(937)</b>		<b>(1 153)</b>	<b>(880)</b>	<b>(153)</b>	<b>(1)</b>	<b>(3 124)</b>
<b>Carrying amount at the end of the period</b>	<b>5 262</b>	<b>21 253</b>		<b>14 447</b>	<b>4 907</b>	<b>953</b>		<b>46 822</b>
<b>Gross carrying amount</b>								
Gross carrying amount	5 262	22 800	-	16 367	6 326	1 258	-	52 013
Accumulated depreciation	-	(1 547)	-	(1 920)	(1 419)	(305)	-	(5 191)
<b>Carrying amount at the end of the period</b>	<b>5 262</b>	<b>21 253</b>		<b>14 447</b>	<b>4 907</b>	<b>953</b>		<b>46 822</b>

\* All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$320 000. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

**South Australian State Emergency Service**  
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**5.1. Property, plant and equipment (continued)**

**Depreciation**

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

**Useful life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	1-40
Vehicles	1-30
Plant and equipment	1-19
ROU Buildings	3-10

**Review of Accounting Estimates**

Assets' residual values, useful lives and depreciation 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.

**South Australian State Emergency Service**  
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**5.2. Property, plant and equipment owned by the SES**

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

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

**Impairment**

Property, plant and equipment owned by the SES has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in note 10.1. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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

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

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

The lease liabilities and interest expense related to the right-of-use assets are disclosed in note 7.2. The SES' maturity analysis of its lease liabilities is disclosed in note 7.2. Depreciation expense is disclosed in note 5.1. Cash outflows related to leases are disclosed in note 8.2. SES has not committed to any lease arrangements that have not commenced from 1 July.

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**5.4. Intangible assets**

Computer software	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	155	197
<b>Subtotal:</b>	<b>155</b>	<b>197</b>
<b>Gains/(losses) for the period recognised in net result:</b>		
Amortisation	(42)	(42)
<b>Subtotal:</b>	<b>(42)</b>	<b>(42)</b>
Carrying amount at the end of the period	113	155
<b>Gross carrying amount</b>		
Gross carrying amount	209	209
Accumulated amortisation	(96)	(54)
Carrying amount at the end of the period	113	155

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. Amortisation of the SES's computer software is calculated on a straight-line basis over the estimated useful life of five years.

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

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

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

**5.5. Capital works in progress**

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	5,412	3 563
Acquisitions	5 019	6 188
Transfers to property, plant and equipment	(3 633)	(3 943)
CWIP write off	(12)	(396)
<b>Carrying amount at the end of the period</b>	<b>6 786</b>	<b>5 412</b>

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

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)	1 425	997
Cash at bank - Units	856	849
Short-term deposits - Units	264	294
Short-term deposits	108	106
<b>Total cash and cash equivalents</b>	<b>2 653</b>	<b>2 246</b>

Cash is measured at nominal amounts.

**Deposits with the Treasurer**

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose. One operating account held with the Treasurer is interest bearing. In November 2020, Treasury advised public authorities that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Therefore, no interest was earned during 2022. This position may change in the future.

**Cash at Bank - Units**

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

**Short term deposits**

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

**6.2. Receivables**

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Receivables	39	681
Prepayments	307	358
Accrued revenues	92	31
GST input tax recoverable	408	391
<b>Total current receivables</b>	<b>846</b>	<b>1 461</b>
<b>Total receivables</b>	<b>846</b>	<b>1 461</b>

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

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

Refer to note 10.2 for further information on risk management.

**South Australian State Emergency Service**  
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**6.3. Other financial assets**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Medium term deposits - Units	63	53
<i>Investments classified as fair value through other comprehensive income:</i>		
Listed equity instruments	98	106
<b>Total other financial assets</b>	<b>161</b>	<b>159</b>

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

The equity instruments are carried at fair value.

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

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

For further information on risk management refer to note 10.2.

**6.4. Non-current assets classified as held for sale**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Land	221	-
Building	288	-
<b>Total non-current assets classified as held for sale</b>	<b>509</b>	<b>-</b>

Non-current assets (or disposal groups) classified as held for sale are 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 within one year from the date of classification.

The SES 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 the carrying amount.

The property at Edinburgh North comprises land and buildings that previously housed an SES Unit that was relocated to a new building in Salisbury. The property was subsequently used for storage until it became surplus to requirements and was referred to RenewalSA for sale. RenewalSA put the property up for tender which has now closed and a sales contract with the successful bidder is currently being finalised. It is expected that this process will be completed in September 2022.

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**7. Liabilities**

**7.1. Payables**

	2022 \$'000	2021 \$'000
<b>Current</b>		
Creditors	77	263
Accrued expenses	2 512	618
Employment on-costs	291	276
<b>Total current payables</b>	<b>2 880</b>	<b>1 157</b>
<b>Non-current</b>		
Employment on-costs	125	155
<b>Total non-current payables</b>	<b>125</b>	<b>155</b>
<b>Total payables</b>	<b>3 005</b>	<b>1 312</b>

Creditors are measured at nominal amounts.

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

**Employment on-costs**

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the proportion of long service leave taken as leave has remained at 42% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2021 rate 10.1% to 10.6%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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**7.2. Financial Liabilities**

The SES measures lease liabilities \$0.871 million (2021: \$0.969 million) at discounted future lease payments using either the interest rate implicit in the lease or DTFs incremental borrowing rate. There were no defaults or breaches throughout the year.

Interest expense paid on lease liabilities during 2021-22 was \$19 000 (2020-21 \$19 000). SES does not capitalise borrowing costs.

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

	2022	2021
	\$'000	\$'000
<b>Lease liabilities</b>		
within 1 year	141	164
1 to 5 years	501	486
More than 5 years	292	392
<b>Total lease liabilities (undiscounted)</b>	<u>934</u>	<u>1 042</u>

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

**7.3. Provisions**

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	201	211
Additional compensation	61	54
<b>Total current provisions</b>	<u>262</u>	<u>265</u>
<b>Non-current</b>		
Provision for workers compensation	785	651
Additional compensation	1 497	1 564
<b>Total non-current provisions</b>	<u>2 282</u>	<u>2 215</u>
<b>Total provisions</b>	<u>2 544</u>	<u>2 480</u>
<b>Movement in provisions</b>	2022	2021
	\$'000	\$'000
<b>Workers compensation:</b>		
Carrying amount at the beginning of the period	862	838
Changes from remeasurement	312	332
Reductions arising from payments	(188)	(308)
<b>Carrying amount at the end of the period</b>	<u>986</u>	<u>862</u>
<b>Additional compensation:</b>		
Carrying amount at the beginning of the period	1 618	747
Changes from remeasurement	(23)	895
Reductions arising from payments	(37)	(24)
<b>Carrying amount at the end of the period</b>	<u>1 558</u>	<u>1 618</u>

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**7.3. Provisions (continued)**

**Workers Compensation**

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The SES is responsible for the payment of workers compensation claims.

The provision has remained stable in 2022, with a marginal increase due to increased costs for income support and other expenses.

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

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

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to workers as required under current arrangements.

The SES is responsible for the payment of additional compensation claims.

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

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

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**8. Other disclosures**

**8.1 Equity**

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

**Investment reserve**

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

**Asset revaluation reserve**

Previous SES Unit at Edinburgh North was identified as surplus to requirements and subsequently referred to RenewalSA for sale. Prior to recognition as an asset held for sale, a valuation was completed resulting in a revaluation increment of \$177 000.

**8.2 Cash flow**

	2022	2021
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	2 653	2 246
Balance as per the Statement of Cash Flows	2 653	2 246
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash provided by operating activities	4 303	6 216
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(3 309)	(3 166)
Donated Asset	-	-
Net gain/(loss) from disposal of non-current assets	52	43
CWIP write off	(12)	-
Capital accruals	1 195	115
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	(615)	727
(Increase)/decrease in payables	(1 693)	(462)
(Increase)/decrease in employee benefits	450	(613)
(Increase)/decrease in provisions	(64)	(895)
<b>Net result</b>	<b>307</b>	<b>1 965</b>

Total cash outflows for leases for the SES was \$363 000 (2020-21: \$290 000).

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**9. Outlook**

**9.1. Unrecognised contractual commitments**

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

**Capital commitments**

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

	2022	2021
	\$'000	\$'000
Within one year	409	113
Later than one year but not later than five years	141	-
<b>Total capital commitments</b>	<b>550</b>	<b>113</b>

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

**Expenditure commitments**

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

	2022	2021
	\$'000	\$'000
Within one year	1 906	619
Later than one year but not later than five years	5 414	702
Later than five years	12 807	-
<b>Total expenditure commitments</b>	<b>20 127</b>	<b>1 321</b>

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

Major expenditure commitments include MOAAs with DIT for accommodation.

**9.2. Contingent assets and liabilities**

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

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

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

The SES continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

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

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

The COVID-19 pandemic will continue to impact the operations of the SES in 2022-23. The key expected impacts are:

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

**9.5. Events after the reporting period**

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

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**10. Measurement and risk**

**10.1. Fair value**

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

The revaluation process is reviewed by the SES each year.

Non-current tangible assets are valued at fair value, and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.0 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, 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**

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

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

During 2021 and 2022, the SES had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

**Land and Buildings**

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pty Ltd as at 1 November 2019. The Emergency Services Sector did not revalue land and buildings related to peppercorn leased sites. These have been recognised at their carrying amounts from 30 June 2021. The land and buildings values at revaluation were considered relevant for 30 June 2022.

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

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

**Plant and equipment**

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

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**10.2. Financial instruments**

**Financial risk management**

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

The exposure of the SES to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held. There have been no changes in risk exposure since the last reporting period.

**Liquidity risk**

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

Refer to notes 1.4 and 2.1 for further information.

**Credit risk**

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

**Impairment of financial assets**

The SES has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance. It is expected the credit loss for the SES is nil.

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

**Cash**

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

**Market risk**

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

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

**Categorisation of financial instruments**

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

**Classification of financial instruments**

The SES measures all financial instruments at amortised cost excluding lease liabilities which are measured at the present value of expected future cash payments. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2022 and are expected to be settled within one year excluding financial liabilities. Refer to the Lease Liabilities Maturity analysis in note 7.2 for more information.

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**10.3. Trust funds**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	221	221
Receivables	21	-
<b>Total trust funds</b>	<b>242</b>	<b>221</b>

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. The SES will administer these funds until they are fully expended. In 2021-22, total income earned by the Council was \$21 300 (2021: \$60 000) and expenses incurred were nil (2021: \$0).