

# South Australian Metropolitan Fire Service

Financial report  
for the year ended  
30 June 2018



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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 52(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian Metropolitan Fire Service for the financial year ended 30 June 2018.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2018, 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Chief Officer and the Business Manager.

### Basis for opinion

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

## **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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal line extending to the right.

Andrew Richardson

**Auditor-General**

21 September 2018

**South Australian Metropolitan Fire Service**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2018*

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We certify that the attached general purpose financial statements for the South Australian Metropolitan Fire Service:

- 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 Metropolitan Fire Service
- present a true and fair view of the financial position of the South Australian Metropolitan Fire Service as at 30 June 2018 and the results of its operations and cash flows for the financial year

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



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Paul Fletcher

A/Chief Officer

South Australian Metropolitan Fire Service

13 September 2018



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Lisa Lew

Business Manager

South Australian Metropolitan Fire Service

13 September 2018

**South Australian Metropolitan Fire Service  
(MFS)**

**Financial Statements**

For the year ended 30 June 2018

**South Australian Metropolitan Fire Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Employee benefits	3	180 045	121 195
Supplies and services	5	16 766	13 941
Grants and subsidies	6	291	74
Depreciation and amortisation	7	7 408	7 522
<b>Total expenses</b>		<b>204 510</b>	<b>142 732</b>
<b>Income</b>			
Fees and charges	8	5 158	5 027
Grants and contributions	9	1 194	1 106
Net gain from disposal of non-current assets	10	-	261
Interest revenues	11	36	56
Other income	12	481	588
<b>Total income</b>		<b>6 869</b>	<b>7 038</b>
<b>Net cost of providing services</b>		<b>197 641</b>	<b>135 694</b>
<b>Revenues from / (payments to) SA Government</b>			
Revenues from SA Government	13	141 917	136 655
<b>Total net revenues from SA Government</b>		<b>141 917</b>	<b>136 655</b>
<b>Net result</b>		<b>(55 724)</b>	<b>961</b>
<b>Total comprehensive result</b>		<b>(55 724)</b>	<b>961</b>

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

**South Australian Metropolitan Fire Service**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	14	3 876	3 710
Receivables	15	1 230	801
<b>Total current assets</b>		<b>5 106</b>	<b>4 511</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	141 235	142 970
Intangible assets	19	276	220
<b>Total non-current assets</b>		<b>141 511</b>	<b>143 190</b>
<b>Total assets</b>		<b>146 617</b>	<b>147 701</b>
<b>Current liabilities</b>			
Payables	21	8 131	5 130
Employee benefits	22	16 549	15 649
Provisions	23	9 975	6 451
<b>Total current liabilities</b>		<b>34 655</b>	<b>27 230</b>
<b>Non-current liabilities</b>			
Payables	21	4 109	2 106
Employee benefits	22	23 842	22 661
Provisions	23	49 745	5 714
<b>Total non-current liabilities</b>		<b>77 696</b>	<b>30 481</b>
<b>Total liabilities</b>		<b>112 351</b>	<b>57 711</b>
<b>Net assets</b>		<b>34 266</b>	<b>89 990</b>
<b>Equity</b>			
Asset revaluation surplus		98 445	98 445
Retained earnings		(64 179)	(8 455)
<b>Total equity</b>		<b>34 266</b>	<b>89 990</b>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	24
Contingent assets and liabilities	25

The above statement should be read in conjunction with the accompanying notes

**South Australian Metropolitan Fire Service**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	Asset revaluation surplus	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000
<b>Balance at 30 June 2016</b>	98 445	(9 416)	89 029
Net result for 2016-17	-	961	961
<b>Total comprehensive result for 2016-17</b>	-	<b>961</b>	<b>961</b>
<b>Balance at 30 June 2017</b>	<b>98 445</b>	<b>(8 455)</b>	<b>89 990</b>
Net result for 2017-18	-	( 55 724)	( 55 724)
<b>Total comprehensive result for 2017-18</b>	-	<b>(55 724)</b>	<b>(55 724)</b>
<b>Balance at 30 June 2018</b>	<b>98 445</b>	<b>(64 179)</b>	<b>34 266</b>

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

**South Australian Metropolitan Fire Service**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
<b>Cash outflows</b>			
Employee benefits payments		(127 608)	(120 794)
Supplies and services payments		(16 086)	(15 786)
Payments for paid Parental Leave Scheme		( 19)	(30)
Grants and subsidies payments		( 291)	(74)
<b>Cash used in operations</b>		<b>(144 004)</b>	<b>(136 684)</b>
<b>Cash inflows</b>			
Fees and charges		5 399	5 159
Receipts from grants and contributions		1 194	1 106
Interest received		36	59
GST recovered from the Australian Taxation Office		948	1 633
Receipts for paid Parental Leave Scheme		15	34
Other receipts		418	911
<b>Cash generated from operations</b>		<b>8 010</b>	<b>8 902</b>
<b>Cash flows from SA Government</b>			
Contributions from Community Emergency Services Fund		139 225	136 603
Other receipts from SA Government		2 692	52
<b>Cash generated from SA government</b>		<b>141 917</b>	<b>136 655</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>26</b>	<b>5 923</b>	<b>8 873</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(5 757)	(8 668)
Payments for the disposal of property		-	(3)
<b>Cash used in investing activities</b>		<b>(5 757)</b>	<b>(8 671)</b>
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		-	592
<b>Cash generated from investing activities</b>		<b>-</b>	<b>592</b>
<b>Net cash provided by / (used in) investing activities</b>		<b>(5 757)</b>	<b>(8 079)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>166</b>	<b>794</b>
Cash and cash equivalents at the beginning of the reporting period		3 710	2 916
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>14</b>	<b>3 876</b>	<b>3 710</b>

The above statement should be read in conjunction with the accompanying notes.

# South Australian Metropolitan Fire Service

## Notes to and forming part of the financial statements

### for the year ended 30 June 2018

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#### 1 Basis of financial statements

##### a) Reporting entity

Under *the Fire and Emergency Services Act 2005* (the Act), the South Australian Metropolitan Fire Service (MFS) is a body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of MFS.

##### b) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The South Australian Metropolitan Fire Service (MFS) has applied Australian Accounting Standards that are applicable to not-for-profit entities as MFS is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2018.

##### c) Basis of preparation

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.

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding period.

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, MFS has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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

# South Australian Metropolitan Fire Service

## Notes to and forming part of the financial statements

for the year ended 30 June 2018

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### 1 Basis of financial statements (continued)

#### d) Taxation

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

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

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

### 2 Objectives, funding and activities

#### Objectives

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

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

#### Funding arrangements

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

#### Activities

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

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits**

**Employee benefits expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	89 628	85 102
Employment on-costs - superannuation	15 385	12 432
Annual leave	11 438	11 120
Payroll Tax	5 999	5 703
Long service leave	4 417	5 807
Workers' compensation	39 713	(285)
Skills and experience retention leave	864	881
Additional compensation <sup>(1)</sup>	12 187	-
Board fees	6	5
Other employment related expenses	408	430
<b>Total employee benefits expenses</b>	<b>180 045</b>	<b>121 195</b>

<sup>(1)</sup> Additional compensation for certain work-related injuries or illnesses was introduced in 2018, therefore no comparatives are available.

**Key management personnel**

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

The compensation detailed below excludes salaries and other benefits received by:

- The Minister for Emergency Services. 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 Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short term employee benefits	477	473
Post-employment benefits	78	72
<b>Total related party transaction</b>	<b>555</b>	<b>545</b>

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits (continued)**

**Remuneration of employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
\$147 000 – \$149 000*	N/A	9
\$149 001 – \$159 000	65	33
\$159 001 – \$169 000	32	12
\$169 001 – \$179 000	8	11
\$179 001 – \$189 000	9	8
\$189 001 – \$199 000	-	7
\$239 001 – \$249 000	-	1
\$249 001 – \$259 000	1	-
\$289 001 – \$299 000	-	1
\$299 001 – \$309 000	1	-
<b>Total</b>	<b>116</b>	<b>82</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016-17.

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 \$18.799 million (2017: \$13.597 million).

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**4 Remuneration of board and committee members**

Members of boards and committees during 2018 were:

**South Australian Metropolitan Fire Service Disciplinary Committee**

L D P Holland

M Vander-Jeugd \*

P L Kilsby \*

S J Smithson \*

\* 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.

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

	<b>2018</b>	<b>2017</b>
\$nil	3	5
\$1 - \$9 999	1	1
	<u><b>4</b></u>	<u><b>6</b></u>

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 \$7,060 (2017: \$5 000).

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

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**5 Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Property costs	3 261	2 660
Vehicles	2 065	1 512
Uniforms and protective clothing	2 078	1 520
Government radio network	1 979	1 809
Computing costs	1 383	1 094
Operational costs	1 103	898
Travel and training	929	832
Consultancy, contractors and legal fees	935	730
Communications	714	962
Operating lease costs	591	511
Insurance premiums	311	315
Shared Services SA payments	10	-
Other expenses	1 407	1 098
<b>Total supplies and services</b>	<b>16 766</b>	<b>13 941</b>

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

**Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the PFAA were \$29 000 (2017: \$28 000). These costs are recognised in 'Other expenses' above. No other services were provided by the Auditor-General's Department.

**Consultants**

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
Below \$10 000	3	9	-	-
\$10 000 or above	1	18	2	61
<b>Total paid / payable to the consultants engaged</b>	<b>4</b>	<b>27</b>	<b>2</b>	<b>61</b>

**6 Grants and subsidies**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Recurrent grant	291	74
<b>Total grants and subsidies</b>	<b>291</b>	<b>74</b>

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**7 Depreciation and amortisation**

	2018 \$'000	2017 \$'000
<b>Depreciation</b>		
Vehicles	4 139	4 428
Buildings	2 488	2 486
Plant	311	259
Communications	291	206
Computers	125	119
<b>Total depreciation</b>	<b>7 354</b>	<b>7 498</b>
<b>Amortisation</b>		
Software	54	24
<b>Total amortisation</b>	<b>54</b>	<b>24</b>
<b>Total depreciation and amortisation</b>	<b>7 408</b>	<b>7 522</b>

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

Land and non-current assets held for sale are not depreciated.

**Useful life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	50
Vehicles	15
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

The useful lives of intangible assets are assessed to be either finite or indefinite. MFS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

**Revision 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.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**8 Revenues from fees and charges**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Fire alarm attendance fees	2 234	2 249
Fire alarm monitoring fees	2 191	2 133
Rent of premises	398	382
Fire safety fees	311	251
Incident cost recoveries	22	-
Training and other recoveries	-	5
Other recoveries	2	7
<b>Total revenues from fees and charges</b>	<b>5 158</b>	<b>5 027</b>

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.

**9 Grants and contributions**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Government	1 097	1 016
State Government	91	84
Private industry and local government	6	6
<b>Total grants and contributions</b>	<b>1 194</b>	<b>1 106</b>

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

Commonwealth grant funding for MFS relates to the cost of providing fire and emergency services to Commonwealth Properties. There is a Memorandum of Understanding in relation to these Commonwealth contributions. All contributions received from the Commonwealth are contributions with unconditional stipulations.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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

	2018	2017
	\$'000	\$'000
<b>Land and buildings</b>		
Proceeds from disposal	-	592
Less net book value of assets disposed	-	(317)
Less costs of disposal	-	(3)
<b>Net gain / (loss) from disposal of land and buildings</b>	<u>-</u>	<u>272</u>
<b>Communication equipment</b>		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	(7)
<b>Net gain / (loss) from disposal of communication equipment</b>	<u>-</u>	<u>(7)</u>
<b>Plant and equipment</b>		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	(4)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<u>-</u>	<u>(4)</u>
<b>Total assets</b>		
Total proceeds from disposal	-	592
Less total value of assets disposed	-	(328)
Less total costs of disposal	-	(3)
<b>Total net gain / (loss) from disposal of non-current assets</b>	<u>-</u>	<u>261</u>

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

**11 Interest revenues**

	2018	2017
	\$'000	\$'000
Interest on deposit accounts	36	56
<b>Total interest revenues</b>	<u>36</u>	<u>56</u>

**12 Other income**

	2018	2017
	\$'000	\$'000
Insurance recoveries	16	44
Salary recoveries	63	62
Sundry revenues	316	421
Other	86	61
<b>Total other income</b>	<u>481</u>	<u>588</u>

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**13 Revenues from / (payments to) SA Government**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Contributions from Community Emergency Services Fund	139 225	136 603
Other revenues from SA Government	2 692	52
<b>Total revenues from SA Government</b>	<b>141 917</b>	<b>136 655</b>
<b>Net revenues from SA Government</b>	<b>141 917</b>	<b>136 655</b>

Contributions from CESF are recognised as revenues when MFS obtains control over the funding. Control over contributions is normally obtained upon receipt.

Revenues from SA Government consist of \$136.268 million (2017: \$127.706 million) for operational funding and \$5.649 million (2017: \$8.949 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer note 3, 5, 6, 18 and 19.

**14 Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash on hand	5	4
Deposits with the Treasurer	3 871	3 706
<b>Total cash and cash equivalents</b>	<b>3 876</b>	<b>3 710</b>

Cash is measured at nominal amounts.

**Deposits with the Treasurer**

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

**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 bank deposit rates. The carrying amount of cash and cash equivalents represent fair value.

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**15 Receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	589	460
Less allowance for doubtful debts	( 91)	(68)
Prepayments	129	-
Accrued revenues	56	51
GST input tax recoverable	547	358
<b>Total current receivables</b>	<b>1 230</b>	<b>801</b>
<b>Total receivables</b>	<b>1 230</b>	<b>801</b>

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in the allowance for doubtful debts</b>		
Carrying amount at the beginning of the period	68	77
Increase/(decrease) in the allowance	74	5
Amounts written off	( 10)	(14)
Amounts recovered during the year	( 41)	-
<b>Carrying amount at the end of the period</b>	<b>91</b>	<b>68</b>

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'supplies and services - other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

**Interest rate and credit risk**

Receivables arise in the ordinary course of providing 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 when the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that MFS will not be able to collect the debt. 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 29 for further information on risk management.

**South Australian Metropolitan Fire Service**  
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**16 Non-current assets held for sale**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Land held for sale	-	-
Building held for sale	-	-
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of non-current assets held for sale movement</b>		
Carrying amount at the beginning of the period	-	254
Disposals	-	(254)
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>-</b>

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.

**17 Non-current assets**

**Revaluation**

All 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 \$1million and estimated useful life is greater than three years.

A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

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.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued.

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.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

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**18 Property, plant and equipment**

	2018 \$'000	2017 \$'000
<b>Land</b>		
Land at fair value	48 385	48 362
<b>Total land</b>	<u>48 385</u>	<u>48 362</u>
<b>Buildings</b>		
Buildings at fair value	67 597	65 883
Accumulated depreciation	(11 039)	(8 608)
<b>Total buildings</b>	<u>56 558</u>	<u>57 275</u>
<b>Vehicles</b>		
Vehicles at fair value	48 517	44 075
Accumulated depreciation	(19 669)	(15 527)
<b>Total vehicles</b>	<u>28 848</u>	<u>28 548</u>
<b>Communications (Comms.) equipment</b>		
Communications equipment at fair value	2 745	2 312
Accumulated depreciation	(809)	(518)
<b>Total communication equipment</b>	<u>1 936</u>	<u>1 794</u>
<b>Computer equipment</b>		
Computer equipment at fair value	633	597
Accumulated depreciation	(340)	(215)
<b>Total computer equipment</b>	<u>293</u>	<u>382</u>
<b>Plant and equipment</b>		
Plant and equipment at valuation	3 272	2 961
Accumulated depreciation	(1034)	(724)
<b>Total plant and equipment</b>	<u>2 238</u>	<u>2 237</u>
<b>Capital work in progress</b>		
Capital work in progress at cost (deemed fair value)	2 977	4 372
<b>Total capital work in progress</b>	<u>2 977</u>	<u>4 372</u>
<b>Total property, plant and equipment</b>	<u>141 235</u>	<u>142 970</u>

**Acquisition and recognition**

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

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**18 Property, plant and equipment (continued)**

**Valuations**

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

**Impairment**

MFS holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

MFS also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable to be close to or greater than fair value.

There were no indications of impairment for property, plant and equipment as at 30 June 2018.

**Movement reconciliation of property, plant and equipment**

<b>2018</b>	<b>Land Buildings</b>		<b>Vehicles</b>	<b>Comms. Equipment</b>	<b>Computer Equipment</b>	<b>Plant &amp; equipment</b>	<b>Work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>						
Carrying amount at the beginning of the period	48 362	57 275	28 548	1 794	382	2 237	4 372	142 970
Acquisitions	-	-	-	-	-	-	5 757	5 757
Transfers to/(from) capital WIP	-	1 771	4 439	433	36	312	(7 101)	( 110)
Depreciation	-	(2 488)	(4 139)	( 291)	( 125)	( 311)	-	(7 354)
Capital WIP - expensed in current period	-	-	-	-	-	-	( 51)	( 51)
Other	23	-	-	-	-	-	-	23
<b>Carrying amount at the end of the period</b>	<b>48 385</b>	<b>56 558</b>	<b>28 848</b>	<b>1 936</b>	<b>293</b>	<b>2 238</b>	<b>2 977</b>	<b>141 235</b>

**Movement reconciliation of property, plant and equipment (continued)**

<b>2017</b>	<b>Land Buildings</b>		<b>Vehicles</b>	<b>Comms. Equipment</b>	<b>Computer Equipment</b>	<b>Plant &amp; equipment</b>	<b>Work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>						
Carrying amount at the beginning of the period	46 679	58 909	29 194	864	501	1 762	3 909	141 818
Transfer between classes	-	-	-	-	-	-	(149)	(149)
Acquisitions	1 746	-	2	-	-	-	7 125	8 873
Transfers to/(from) capital WIP	-	852	3 780	1 143	-	738	(6 513)	-
Depreciation	-	(2 486)	(4 428)	(206)	(119)	(259)	-	(7 498)
Disposals	(63)	-	-	(7)	-	(4)	-	(74)
<b>Carrying amount at the end of the period</b>	<b>48 362</b>	<b>57 275</b>	<b>28 548</b>	<b>1 794</b>	<b>382</b>	<b>2 237</b>	<b>4 372</b>	<b>142 970</b>

**South Australian Metropolitan Fire Service**  
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**19 Intangible assets**

	2018	2017
	\$'000	\$'000
<b>Software</b>		
Computer software	687	577
Accumulated amortisation	(411)	(357)
<b>Total software</b>	<u>276</u>	<u>220</u>
<b>Total intangible assets</b>	<u><u>276</u></u>	<u><u>220</u></u>

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are 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 useful lives of intangible assets are assessed to be either finite or indefinite. MFS only has intangible assets with finite lives. 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 criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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.

**Asset details and amortisation**

Intangible assets detailed above relate to computer software externally acquired.

**Impairment**

There were no indications of impairment of intangible assets at 30 June 2018.

<b>Movement reconciliation of intangible assets</b>	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	220	95
Transfers from capital WIP	110	149
Amortisation	(54)	(24)
<b>Carrying amount at the end of the period</b>	<u>276</u>	<u>220</u>

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**20 Fair value measurement**

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.

MFS 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.

In determining fair value, MFS has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is, physically possible, legally permissible, financially feasible).

MFS current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As MFS did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. MFS categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2018. MFS had no valuations categorised into level 1.

**Fair value measurements at 30 June 2018**

	<b>Level 2</b>	<b>Level 3</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Recurring fair value measurements</b>			
Land (note 18)	7 033	41 352	48 385
Buildings (note 18)	2 887	53 671	56 558
Vehicles (note 18)	-	28 848	28 848
Communication equipment (note 18)	-	1 936	1 936
Computer equipment (note 18)	-	293	293
Plant and equipment (note 18)	-	2 238	2 238
<b>Total recurring fair value measurements</b>	<b>9 920</b>	<b>128 338</b>	<b>138 258</b>
<b>Total fair value measurements</b>	<b>9 920</b>	<b>128 338</b>	<b>138 258</b>

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**20 Fair value measurement (continued)**

Fair value measurements at 30 June 2017

	Level 2	Level 3	2017
	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>			
Land (note 18)	7 033	41 329	48 362
Buildings (note 18)	1 226	56 049	57 275
Vehicles (note 18)	-	28 548	28 548
Communication equipment (note 18)	-	1 794	1 794
Computer equipment (note 18)	-	382	382
Plant and equipment (note 18)	-	2 237	2 237
<b>Total recurring fair value measurements</b>	<b>8 259</b>	<b>130 339</b>	<b>138 598</b>
<b>Total fair value measurements</b>	<b>8 259</b>	<b>130 339</b>	<b>138 598</b>

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2018. MFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III *Asset Accounting Framework* for guidance in determining the applicable fair value hierarchy disclosure level.

**Valuation techniques and inputs**

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 18. There were no changes in the valuation techniques during 2018.

Land subject to restricted use is considered within input level 3.

Buildings that are specialised are classified as input level 3.

**Reconciliation of level 3 recurring fair value measurement at 30 June 2018**

	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	41 329	56 049	28 548	1 794	382	2 237	130 339
Acquisitions	-	85	4 439	433	36	312	5 305
Other	23	-	-	-	-	-	23
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(2 463)	(4 139)	(291)	(125)	(311)	(7 329)
Total gains/(losses) recognised in net result	-	(2 463)	(4 139)	(291)	(125)	(311)	(7 329)
<b>Carrying amount at the end of the period</b>	<b>41 352</b>	<b>53 671</b>	<b>28 848</b>	<b>1 936</b>	<b>293</b>	<b>2 238</b>	<b>128 338</b>

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**20 Fair value measurement (continued)**

**Reconciliation of level 3 recurring fair value measurement at 30 June 2017**

	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	41 352	58 527	29 194	864	501	1 762	132 200
Acquisitions	-	-	3 782	1 143	-	738	5 663
Disposals	(23)	-	-	(7)	-	(4)	(34)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(2 478)	(4 428)	(206)	(119)	(259)	(7 490)
Gains/(losses) for the period recognised in other comprehensive income	-	(2 478)	(4 428)	(206)	(119)	(259)	(7 490)
<b>Carrying amount at the end of the period</b>	<b>41 329</b>	<b>56 049</b>	<b>28 548</b>	<b>1 794</b>	<b>382</b>	<b>2 237</b>	<b>130 339</b>

**21 Payables**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Creditors	1 190	21
Accrued expenses	3 411	2 350
Paid Parental Leave Scheme payable	-	4
Employment on-costs <sup>^</sup>	3 530	2 755
<b>Total current payables</b>	<b>8 131</b>	<b>5 130</b>
<b>Non-current</b>		
Creditors	2	2
Employment on-costs	4 107	2 104
<b>Total non-current payables</b>	<b>4 109</b>	<b>2 106</b>
<b>Total payables</b>	<b>12 240</b>	<b>7 236</b>

<sup>^</sup> Employment on-costs include payroll tax, workers' compensation levies and superannuation contributions. The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

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 changed from the 2017 rate 40% to 86% and the average factor for the calculation of employer superannuation cost on-cost is 13.5% (2017: 10.1%). These rates are used in the employment on-cost calculation. In 2018 MFS identified an error in the proportion of long service leave taken as leave percentage for 30 June 2017. The subsequent correction of this error in 2018 largely explains the increase in the non-current employment on-costs. This also largely explains the increase in employment on-costs expenses in note 3.

**South Australian Metropolitan Fire Service**  
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**21 Payables (continued)**

The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

**Interest rate and credit risk**

Payables are measured at nominal amounts. 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. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

**22 Employee benefits liability**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	9 999	9 671
Accrued salaries and wages	2 442	2 107
Long service leave	2 836	2 602
Skills and experience retention leave	1 272	1 269
<b>Total current employee benefits</b>	<b>16 549</b>	<b>15 649</b>
<b>Non-current</b>		
Long service leave	23 842	22 661
<b>Total non-current employee benefits</b>	<b>23 842</b>	<b>22 661</b>
<b>Total employee benefits</b>	<b>40 391</b>	<b>38 310</b>

These benefits accrue for employees 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.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
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**22 Employee benefits liability (continued)**

**Long service leave**

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

The estimated liability for long service leave is based on actuarial assumptions over 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.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

AASB 119 *Employee Benefits* describes the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave.

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 increased from 2017 (2.5%) to 2018 (2.75%).

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 and 3% for annual leave and skills, experience and retention leave liability.

**South Australian Metropolitan Fire Service**  
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**23 Provisions**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Provision for workers' compensation	9 601	6 451
Additional compensation	374	-
<b>Total current provisions</b>	<b>9 975</b>	<b>6 451</b>
<b>Non-current</b>		
Provision for workers' compensation	37 932	5 714
Additional compensation	11 813	-
<b>Total non-current provisions</b>	<b>49 745</b>	<b>5 714</b>
<b>Total provisions</b>	<b>59 720</b>	<b>12 165</b>

**Movement In Provisions**

**Workers' compensation:**

Carrying amount at the beginning of the period	12 165	17 392
Additional provisions recognised	39 682	(293)
Reductions arising from payments/other sacrifice of future economic benefits	(4 314)	(4 934)
<b>Carrying amount at the end of the period</b>	<b>47 533</b>	<b>12 165</b>

**Additional compensation:**

Carrying amount at the beginning of the period	-	-
Additional provisions recognised	12 187	-
Reductions arising from payments/other sacrifice of future economic benefits	-	-
<b>Carrying amount at the end of the period</b>	<b>12 187</b>	<b>-</b>

**Workers' Compensation**

MFS 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 2018 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.

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 2018 includes an actuarial assessment of firefighter cancer claims.

The increase in the workers' compensation liability in 2018 was impacted by an increase in the:

- number of known seriously injured firefighter cancer claims
- allowance of incurred but not yet reported firefighter cancer claims estimated by the actuary.

There is a significant degree of uncertainty associated with estimating future claim and expense payments. The liability is impacted by agency claim experience, average claim sizes and other economic and actuarial assumptions.

**South Australian Metropolitan Fire Service**  
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**Additional Compensation for Certain Work-Related Injuries or Illnesses (Additional Compensation provision)**

Following changes to the Firefighting Industry Employees (South Australian Metropolitan Fire Service) Award 2007, MFS has recognised an Additional Compensation provision as at 30 June 2018.

The new 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 2018 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 Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
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**24 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 and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, 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:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	337	276
Later than one year but not later than five years	372	204
<b>Total operating lease commitments</b>	<b>709</b>	<b>480</b>

These non-cancellable leases relate to vehicle leases.

**Capital commitments**

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	-	479
<b>Total capital commitments</b>	<b>-</b>	<b>479</b>

These capital commitments are for vehicles.

**Expenditure commitments**

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	853	544
Later than one year but not later than five years	979	1 060
<b>Total expenditure commitments</b>	<b>1 832</b>	<b>1 604</b>

Contractual commitments relate to information technology and fire appliance modifications.

**25 Contingent assets and liabilities**

**Contingent assets**

MFS is not aware of any contingent assets.

**Contingent liabilities**

MFS is not aware of any contingent liabilities.

**South Australian Metropolitan Fire Service**  
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**26 Related party transactions**

MFS is a body corporate and an agency of the Crown.

Related parties of MFS include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

**Significant transactions with government related entities**

Other than the transactions that have been disclosed in detail in the notes to these accounts, MFS had no significant transactions with government related entities.

**Collectively, but not individually significant transactions with government related entities**

Quantitative information about transactions and balances between MFS and other SA Government controlled entities are disclosed at note 32.

**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.

**27 Cash flow reconciliation**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 876	3 710
Balance as per the Statement of Cash Flows	3 876	3 710
<b>Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services</b>		
Net cash provided by/(used in) operating activities	5 923	8 873
Less revenues from SA Government	(141 917)	(136 655)
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(7 408)	(7 522)
Assets acquired at no cost	23	-
Capital work-in-progress expensed	( 51)	-
Net gain/(loss) from disposal of non-current assets	-	261
<b>Movement in assets and liabilities</b>		
Increase/(decrease)in receivables	429	(140)
(Increase)/decrease in payables	(5 004)	200
(Increase)/decrease in employee benefits	(2 081)	(5 938)
(Increase)/decrease in provisions	(47 555)	5 227
<b>Net cost of providing services</b>	<b>(197 641)</b>	<b>(135 694)</b>

**South Australian Metropolitan Fire Service**  
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**28 Budgetary reporting and explanations of major variances between budget and actual amounts**

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

	Original budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>			
<b>Expenses</b>			
Employee benefits	118 517	180 045	61 528
Supplies and services	13 218	16 766	3 548
Grants and subsidies	290	291	1
Depreciation and amortisation	8 541	7 408	(1 133)
Net gain/(loss) from disposal of non-current assets	-	-	-
<b>Total expenses</b>	<b>140 566</b>	<b>204 510</b>	<b>63 944</b>
<b>Income</b>			
Fees and charges	4 383	5 158	775
Grants and contributions	1 051	1 194	143
Interest Revenues	112	36	(76)
Other Income	304	481	177
<b>Total income</b>	<b>5 850</b>	<b>6 869</b>	<b>1 019</b>
<b>Net cost of providing services</b>	<b>134 716</b>	<b>197 641</b>	<b>62 925</b>
<b>Revenues from / (payments to) SA government</b>			
Revenues from SA government	137 605	141 917	4 312
<b>Total net revenues from SA Government</b>	<b>137 605</b>	<b>141 917</b>	<b>4 312</b>
<b>Total comprehensive result</b>	<b>2 889</b>	<b>(55 724)</b>	<b>(58 613)</b>

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 Actual employee benefits were higher than the original budget primarily due to unanticipated movements in the workers' compensation provision, and the first time recognition of an Additional Compensation provision.

**South Australian Metropolitan Fire Service**  
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**28 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)**

		Original budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
	Note			
<b>Investing expenditure summary</b>				
Total new projects		-	346	346
Total existing projects	b	-	2 136	2 136
Total annual programs	c	5 229	3 275	(1 954)
<b>Total investing expenditure</b>		<b>5 229</b>	<b>5 757</b>	<b>528</b>

- b Actual expenditure was higher than the original budget due to timing variances relating to the construction of new general purpose pumper vehicles. Treasury approved a carryover of \$2.2 million from 2016-17 into 2017-18.
- c The original budget for MFS's annual programs was revised during the year to \$3.3 million as a result of reallocation of budget to establish the budget for the Structural Firefighting Behaviour Training Facility project in 2017-18 and forward estimates.

**29 Financial risk management / financial instruments**

**Financial risk management**

Risk management is managed by MFS 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 MFS 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 the respective notes.

Refer to table 29.1 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

MFS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- 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 15 and 21 ).

**South Australian Metropolitan Fire Service**  
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**29 Financial risk management / financial instruments (continued)**

**Liquidity risk**

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

**Table 29.1 Categorisation and maturity analysis of financial assets and liabilities**

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
<b>Financial assets</b>						
Cash and cash equivalents	14	3 876	3 876	-	-	-
Receivables <sup>(1)(2)</sup>	15	645	645	-	-	-
<b>Total financial assets</b>		<b>4 521</b>	<b>4 521</b>	-	-	-
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	21	4 574	4 574	-	-	-
<b>Total financial liabilities</b>		<b>4 574</b>	<b>4 574</b>	-	-	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash and cash equivalents	14	3 710	3 710	-	-	-
Receivables <sup>(1)(2)</sup>	15	511	511	-	-	-
<b>Total financial assets</b>		<b>4 221</b>	<b>4 221</b>	-	-	-
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	21	2 209	2 207	-	-	2
<b>Total financial liabilities</b>		<b>2 209</b>	<b>2 207</b>	-	-	<b>2</b>

<sup>(1)</sup> 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). 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, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

<sup>(2)</sup> Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 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.

**South Australian Metropolitan Fire Service**  
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**29 Financial risk management / financial instruments (continued)**

**Credit risk**

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

**Market risk**

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

MFS does not trade in foreign currency, enter into transactions for speculative purpose nor for hedging. MFS 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 following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
<b>2018</b>						
Receivables <sup>(1)</sup>	645	83	280	77	114	91
	<b>645</b>	<b>83</b>	<b>280</b>	<b>77</b>	<b>114</b>	<b>91</b>
<b>2017</b>						
Receivables <sup>(1)</sup>	511	240	88	34	81	68
	<b>511</b>	<b>240</b>	<b>88</b>	<b>34</b>	<b>81</b>	<b>68</b>

**30 Impact of standards and statements not yet implemented**

MFS did not voluntarily change any of its accounting policies during 2017-18.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by MFS for the period ending 30 June 2018.

**AASB 9 Financial Instruments**

The revision to AASB 9 Financial Instruments applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as 30 June 2019. AASB 9 Financial Instruments provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

Trade receivables and loan receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. MFS will be adopting the simplified approach under AASB 9 Financial Instruments and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.

**South Australian Metropolitan Fire Service**  
**Notes to and forming part of the financial statements**  
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**30 Impact of standards and statements not yet implemented (continued)**

MFS has not yet quantified the impact of applying AASB 9 Financial Instruments on the classification and measurement of its financial assets, and the resulting impact on the statement of comprehensive income.

**AASB 16 Leases**

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The standard supersedes AASB 117 Leases and unlike AASB 117 Leases, AASB 16 Leases introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 Leases allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The Agency will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

It is anticipated that there will be a marginal impact each year on net result due to recognition of depreciation and interest on lease liabilities as expenses. There will be no impact on the total net result over the life of the lease.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

MFS has not yet quantified the impact of applying AASB 16 Leases to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

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

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of MFS's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that MFS has received cash but has not yet met the associated performance obligations.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition

**South Australian Metropolitan Fire Service**  
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**30 Impact of standards and statements not yet implemented (continued)**

depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

MFS has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the Statement of Comprehensive Income.

MFS has not assessed the impact of other new and amended standards and interpretations and therefore is not able to quantify the impact of accounting policies on the financial statements of MFS.

**31 Events after the reporting period**

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

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

**32 Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

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**32 Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>							
Employee benefits expenses	3	5 999	5 691	174 046	115 504	180 045	121 195
Supplies and services	5						
Communications		9	-	705	962	714	962
Computing costs		581	244	802	850	1 383	1 094
Consultancy, contractors and legal fees		165	75	770	655	935	730
Government radio network		1 979	1 809	-	-	1 979	1 809
Insurance premiums		311	315	-	-	311	315
Operating lease costs		549	461	42	50	591	511
Operational costs		2	-	1 101	898	1 103	898
Travel and training		15	249	914	583	929	832
Vehicles		38	-	2 027	1 512	2 065	1 512
Property costs		1 900	-	1 361	2 660	3 261	2 660
Uniforms and protective clothing		-	-	2 078	1 520	2 078	1 520
Shared Services SA payments		10	-	-	-	10	-
Other expenses		92	259	1 315	839	1 407	1 098
Grants and subsidies	6	291	-	-	74	291	74
Depreciation and amortisation	7	-	-	7 408	7 522	7 408	7 522
<b>Total expenses</b>		<b>11 941</b>	<b>9 103</b>	<b>192 569</b>	<b>133 629</b>	<b>204 510</b>	<b>142 732</b>
<b>Income</b>							
Revenues from fees and charges	8						
Fire alarm attendance fees		415	457	1 819	1 792	2 234	2 249
Fire safety fees		7	6	304	245	311	251
Fire alarm monitoring fees		229	214	1 962	1 919	2 191	2 133
Incident cost recoveries		-	-	22	-	22	-
Training and other recoveries		-	5	-	-	-	5
Rent of premises		94	-	304	382	398	382
Other recoveries		1	-	1	7	2	7
Grants and contributions	9						
Commonwealth Government		-	-	1 097	1 016	1 097	1 016
State Government		91	84	-	-	91	84
Private industry and local government		-	-	6	6	6	6
Net gain/(loss) from disposal of non-current assets	10	-	59	-	202	-	261
Interest revenues	11	36	56	-	-	36	56
Other income	12						
Insurance recoveries		-	23	16	21	16	44
Salary recoveries		24	-	39	62	63	62
Sundry revenues		11	-	305	421	316	421
Other		-	-	86	61	86	61
Revenues from SA Government	13	141 917	136 655	-	-	141 917	136 655
<b>Total income</b>		<b>142 825</b>	<b>137 559</b>	<b>5 961</b>	<b>6 134</b>	<b>148 786</b>	<b>143 693</b>

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**32 Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Cash and cash equivalents	14	3 876	3 710	-	-	3 876	3 710
Receivables	15						
Receivables		51	40	447	352	498	392
Prepayments		-	-	129	-	129	-
Accrued revenues		28	18	28	33	56	51
GST input tax recoverable		-	-	547	358	547	358
<b>Total financial assets</b>		<b>3 955</b>	<b>3 768</b>	<b>1 151</b>	<b>743</b>	<b>5 106</b>	<b>4 511</b>
<b>Financial liabilities</b>							
Payables	21						
Accrued expenses		29	271	3 382	479	3 411	750
Creditors		1 059	779	133	820	1 192	1 599
Paid Parental Leave Scheme payable		-	-	-	4	-	4
Employment on-costs		2 736	2 490	4 901	2 393	7 637	4 883
<b>Total financial liabilities</b>		<b>3 824</b>	<b>3 540</b>	<b>8 416</b>	<b>3 696</b>	<b>12 240</b>	<b>7 236</b>