

# South Australian State Emergency Service

Financial report  
for the year ended  
30 June 2018



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## To the Chief Officer South Australian State Emergency Service

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 2018.

### Opinion

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 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 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 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 "Richardson", with a long, sweeping horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

21 September 2018

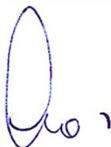
**South Australian State Emergency Service**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2018*

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We certify that the attached general purpose financial statements for the South Australian State Emergency 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 State Emergency Service
- present a true and fair view of the financial position of the South Australian State Emergency 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 State Emergency 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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Chris Beattie  
Chief Officer

13 September 2018



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Silvana Di Ciocco  
Business Manager

13 September 2018

**South Australian State Emergency Service  
(SES)**

**Financial Statements**

For the year ended 30 June 2018

**South Australian State Emergency Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Employee benefits	3	9 758	6 880
Supplies and services	4	8 538	9 827
Grants and subsidies	5	127	92
Depreciation and amortisation	6	2 348	2 109
Net loss from disposal of non-current assets	7	3	-
<b>Total expenses</b>		<b>20 774</b>	<b>18 908</b>
<b>Income</b>			
Grants and contributions	8	285	160
Fees and charges	9	53	-
Interest revenues	10	21	14
Other income	11	172	151
Net gain from disposal of non-current assets	7	-	9
<b>Total income</b>		<b>531</b>	<b>334</b>
<b>Net cost of providing services</b>		<b>20 243</b>	<b>18 574</b>
<b>Revenues from / (payments to) SA Government</b>			
Revenues from SA Government	12	19 689	19 986
<b>Total net revenues from SA Government</b>		<b>19 689</b>	<b>19 986</b>
<b>Net result</b>		<b>( 554)</b>	<b>1 412</b>
<b>Total comprehensive result</b>		<b>( 554)</b>	<b>1 412</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 State Emergency Service**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	1 379	1 800
Receivables	14	371	324
Other financial assets	15	388	387
<b>Total current assets</b>		<b>2 138</b>	<b>2 511</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	41 674	39 554
<b>Total non-current assets</b>		<b>41 674</b>	<b>39 554</b>
<b>Total assets</b>		<b>43 812</b>	<b>42 065</b>
<b>Current liabilities</b>			
Payables	19	1 302	1 273
Employee benefits	20	1 036	810
Provisions	21	244	152
<b>Total current liabilities</b>		<b>2 582</b>	<b>2 235</b>
<b>Non-current liabilities</b>			
Payables	19	141	105
Employee benefits	20	1 512	1 136
Provisions	21	1 757	215
<b>Total non-current liabilities</b>		<b>3 410</b>	<b>1 456</b>
<b>Total liabilities</b>		<b>5 992</b>	<b>3 691</b>
<b>Net assets</b>		<b>37 820</b>	<b>38 374</b>
<b>Equity</b>			
Asset revaluation surplus		5 152	5 152
Retained earnings		32 668	33 222
<b>Total equity</b>		<b>37 820</b>	<b>38 374</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 State Emergency 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>	5 152	31 810	36 962
Net result for 2016-17	-	1 412	1 412
<b>Total comprehensive result for 2016-17</b>	-	<b>1 412</b>	<b>1 412</b>
<b>Balance at 30 June 2017</b>	<b>5 152</b>	<b>33 222</b>	<b>38 374</b>
Net result for 2017-18	-	( 554)	( 554)
<b>Total comprehensive result for 2017-18</b>	-	<b>( 554)</b>	<b>( 554)</b>
<b>Balance at 30 June 2018</b>	<b>5 152</b>	<b>32 668</b>	<b>37 820</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 State Emergency 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		(7 445)	(6 411)
Supplies and services payments		(9 707)	(11 839)
Grants and subsidies payments		( 127)	(92)
<b>Cash used in operations</b>		<u>(17 279)</u>	<u>(18 342)</u>
<b>Cash inflows</b>			
Receipts from grants and contributions		285	114
Interest received		21	15
GST recovered from the Australian Taxation Office		1 106	1 511
Other receipts		229	164
<b>Cash generated from operations</b>		<u>1 641</u>	<u>1 804</u>
<b>Cash flows from SA Government</b>			
Contributions from Community Emergency Services Fund	12	19 640	19 971
Other receipts from SA Government	12	49	61
<b>Cash generated from SA government</b>		<u>19 689</u>	<u>20 032</u>
<b>Net cash provided by / (used in) operating activities</b>	<b>23</b>	<u><b>4 051</b></u>	<u><b>3 494</b></u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(4 597)	(3 994)
Purchase of investment		( 1)	4
<b>Cash used in investing activities</b>		<u>(4 598)</u>	<u>(3 990)</u>
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		126	126
<b>Cash generated from investing activities</b>		<u>126</u>	<u>126</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(4 472)</u>	<u>(3 864)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>( 421)</u>	<u>(370)</u>
Cash and cash equivalents at the beginning of the reporting period		1 800	2 170
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13</b>	<u><u><b>1 379</b></u></u>	<u><u><b>1 800</b></u></u>

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

# South Australian State Emergency 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 State Emergency Service (SES) 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 SES.

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

SES has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

#### 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*.

SES has applied Australian Accounting Standards that are applicable to not-for-profit entities as SES is a not-for-profit entity.

#### c) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SES's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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

#### d) Trust funds

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

Transactions and balances relating to the trust assets are not recognised as SES's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Trust Funds', refer note 28.

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

#### e) Comparative information

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.

# South Australian State Emergency 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)

#### f) Taxation

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (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 and activities of SA State Emergency Service

#### Objectives

The South Australian State Emergency Service (SES) was established on 1 October 2005 under the *Fire and Emergency Services Act 2005* (the Act) with the following objectives:

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

#### Funding arrangements

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

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

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

#### Activities

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

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

**3 Employee benefits expenses**

	2018	2017
	\$'000	\$'000
Salaries and wages	5 664	4 881
Workers compensation	1 123	230
Employment on-costs - superannuation <sup>(1)</sup>	632	556
Annual leave	549	527
Long service leave	421	317
Payroll tax	362	290
Skills and experience retention leave	30	24
Additional compensation <sup>(2)</sup>	937	-
Other employment related expenses	40	55
<b>Total employee benefits expenses</b>	<b>9 758</b>	<b>6 880</b>

<sup>(1)</sup> The superannuation employment on-cost charge represents SES contributions to superannuation plans in respect of current services of current employees.

<sup>(2)</sup> Additional compensation for certain work-related injuries or illnesses was introduced in 2018, refer note 21.

**Key management personnel**

Key management personnel of SES include the Minister, the Chief Officer and the Deputy Chief Officer of SES 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*.

	2018	2017
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	454	428
Post-employment benefits	42	45
<b>Total compensation</b>	<b>496</b>	<b>473</b>

**Remuneration of employees**

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

	2018	2017
	Number	Number
\$147 000 – \$149 000*	N/A	1
\$149 001 – \$159 000	3	1
\$159 001 – \$169 000	2	2
\$209 001 – \$219 000	1	1
\$259 001 – \$269 000	-	1
\$279 001 – \$289 000	1	-
<b>Total</b>	<b>7</b>	<b>6</b>

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

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

**3 Employee benefits expenses (continued)**

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 \$1.282 million (2017: \$1.107 million).

**4 Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Government radio network	2 333	2 119
Operating lease costs	958	875
Operational costs	906	1 372
Vehicle	806	922
Travel and training	671	1 076
Property Costs	579	680
Computing costs	436	508
Consultancy, contractors and legal fees	364	833
Uniforms and protective clothing	376	356
Communications	294	393
Insurance premiums	85	21
Other expenses	730	672
<b>Total supplies and services</b>	<b>8 538</b>	<b>9 827</b>

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

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.

**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.

**Consultants**

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
\$10 000 or above	1	10	2	52
<b>Total paid / payable to the consultants engaged</b>	<b>1</b>	<b>10</b>	<b>2</b>	<b>52</b>

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

**5 Grants and subsidies**

	2018	2017
	\$'000	\$'000
Recurrent grant	127	92
<b>Total grants and subsidies</b>	<b>127</b>	<b>92</b>

**6 Depreciation and amortisation**

	2018	2017
	\$'000	\$'000
<b>Depreciation</b>		
Vehicles	981	750
Buildings	738	730
Communications	244	251
Computers	213	212
Plant and equipment	172	166
<b>Total depreciation</b>	<b>2 348</b>	<b>2 109</b>
<b>Total depreciation and amortisation</b>	<b>2 348</b>	<b>2 109</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 is 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	40
Vehicles	20
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. SES 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 State Emergency Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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

	2018	2017
	\$'000	\$'000
<b>Vehicles</b>		
Proceeds from disposal	126	126
Less net book value of assets disposed	( 129)	(117)
<b>Net gain / (loss) from disposal of vehicles</b>	<u>( 3)</u>	<u>9</u>
<b>Total assets</b>		
Total proceeds from disposal	126	126
Less total value of assets disposed	( 129)	(117)
<b>Total net gain / (loss) from disposal of non-current assets</b>	<u>( 3)</u>	<u>9</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.

**8 Grants and contributions**

	2018	2017
	\$'000	\$'000
State Government	285	160
<b>Total grants and contributions</b>	<u>285</u>	<u>160</u>

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

SA Government grants and contributions consist of National Disaster Resilience Program funding for SES, Extreme Weather and Heatwave Risk Mitigation Project, Developing Leaders Within and Basecamp Shelters.

**9 Fees and charges**

	2018	2017
	\$'000	\$'000
Incident cost recoveries	53	-
<b>Total fees and charges</b>	<u>53</u>	<u>-</u>

Income from fees and charges is derived from recoveries of costs associated with other state government emergencies where SASES has been deployed to assist. This revenue is recognised upon delivery of the service or by reference to the stage of completion.

**10 Interest revenues**

	2018	2017
	\$'000	\$'000
Interest on deposit accounts	21	14
<b>Total interest revenues</b>	<u>21</u>	<u>14</u>

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

**11 Other income**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Donations	4	6
Unit fundraising	7	21
Salary recoveries	89	78
Sundry revenues	54	35
Other	18	11
<b>Total other income</b>	<b>172</b>	<b>151</b>

Other income is recognised upon receipt.

**12 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	19 655	19 986
Other revenues from SA Government	34	-
	<b>19 689</b>	<b>19 986</b>
<b>Net revenues from SA Government</b>	<b>19 689</b>	<b>19 986</b>

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

Revenues from SA Government consist of \$15.749 million (2017: \$15.790 million) for operational funding, \$3.925 million (2017: \$4.181 million) for capital projects and \$0.015 million (2017: \$0.015 million) Volunteer Marine Rescue Council funding.

For details on the expenditure associated with the operational funding and capital funding refer notes 3, 4, 5, 6 and 17.

**13 Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	432	842
Cash on hand	-	1
Cash at bank	118	140
Cash at bank - Units	769	750
Short-term deposits - Units	-	13
Short-term deposits	60	54
<b>Total cash and cash equivalents</b>	<b>1 379</b>	<b>1 800</b>

Cash is measured at nominal amounts.

**Deposits with the Treasurer**

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

**Short term deposits**

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

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

**14 Receivables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Receivables	31	3
Prepayments	107	53
Accrued revenues	2	16
GST input tax recoverable	231	252
<b>Total current receivables</b>	<u>371</u>	<u>324</u>
<b>Total receivables</b>	<u>371</u>	<u>324</u>

**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 SES 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 27 for further information on risk management.

**15 Other financial assets**

	2018	2017
	\$'000	\$'000
Medium term deposits - Units	388	387
<b>Total other financial assets</b>	<u>388</u>	<u>387</u>

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.

**16 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 \$1 million 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.

**South Australian State Emergency Service**  
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**17 Property, plant and equipment**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land</b>		
Land at fair value	3 546	3 546
<b>Total land</b>	<b>3 546</b>	<b>3 546</b>
<b>Buildings</b>		
Buildings at fair value	21 492	21 215
Accumulated depreciation	(3 160)	(2 422)
<b>Total buildings</b>	<b>18 332</b>	<b>18 793</b>
<b>Vehicles</b>		
Vehicles at fair value	16 039	13 096
Accumulated depreciation	(3 210)	(2 294)
<b>Total vehicles</b>	<b>12 829</b>	<b>10 802</b>
<b>Communications (Comms.) equipment</b>		
Communications equipment at fair value	2 372	1 902
Accumulated depreciation	(1 020)	(775)
<b>Total communications equipment</b>	<b>1 352</b>	<b>1 127</b>
<b>Computer equipment</b>		
Computer equipment at fair value	1 061	1 061
Accumulated depreciation	(622)	(409)
<b>Total computer equipment</b>	<b>439</b>	<b>652</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	1 615	1 334
Accumulated depreciation	(723)	(550)
<b>Total plant and equipment</b>	<b>892</b>	<b>784</b>
<b>Capital work in progress</b>		
Capital works in progress at cost (deemed fair value)	4 284	3 850
<b>Total capital work in progress</b>	<b>4 284</b>	<b>3 850</b>
<b>Total property, plant and equipment</b>	<b>41 674</b>	<b>39 554</b>

**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.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**17 Property, plant and equipment (continued)**

**Valuation of assets**

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**

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

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment assets during 2017-18:

2018	Land Buildings		Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000						
Carrying amount at the beginning of the period	3 546	18 793	10 802	1 127	652	784	3 850	39 554
Acquisitions	-	-	-	-	-	-	4 597	4 597
Transfers to/(from) capital WIP	-	277	3 137	469	-	280	(4 163)	-
Depreciation	-	(738)	(981)	(244)	(213)	(172)	-	(2 348)
Disposals	-	-	(129)	-	-	-	-	(129)
<b>Carrying amount at the end of the period</b>	<b>3 546</b>	<b>18 332</b>	<b>12 829</b>	<b>1 352</b>	<b>439</b>	<b>892</b>	<b>4 284</b>	<b>41 674</b>

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment assets during 2016-17:

2017	Land Buildings		Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000						
Carrying amount at the beginning of the period	3 546	16 806	9 810	1 378	864	950	4 432	37 786
Acquisitions	-	-	-	-	-	-	3 994	3 994
Transfers to/(from) capital WIP	-	2 717	1 859	-	-	-	(4 576)	-
Depreciation	-	(730)	(750)	(251)	(212)	(166)	-	(2 109)
Disposals	-	-	(117)	-	-	-	-	(117)
<b>Carrying amount at the end of the period</b>	<b>3 546</b>	<b>18 793</b>	<b>10 802</b>	<b>1 127</b>	<b>652</b>	<b>784</b>	<b>3 850</b>	<b>39 554</b>

**South Australian State Emergency Service**  
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**18 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.

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.

In determining fair value, SES 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).

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

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. SES 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.

SES had no valuations categorised into level 1.

**Fair value measurements at 30 June 2018**

	Level 2	Level 3	2018
	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>			
Land (note 17)	1 249	2 297	3 546
Buildings (note 17)	7 633	10 699	18 332
Vehicles (note 17)	-	12 829	12 829
Communication equipment (note 17)	-	1 352	1 352
Computer equipment (note 17)	-	439	439
Plant and equipment (note 17)	-	892	892
<b>Total recurring fair value measurements</b>	<b>8 882</b>	<b>28 508</b>	<b>37 390</b>
<b>Total recurring fair value measurements</b>	<b>8 882</b>	<b>28 508</b>	<b>37 390</b>

**Fair value measurements at 30 June 2017**

	Level 2	Level 3	2017
	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>			
Land (note 17)	1 249	2 297	3 546
Buildings (note 17)	7 633	11 160	18 793
Vehicles (note 17)	-	10 802	10 802
Communication equipment (note 17)	-	1 127	1 127
Computer equipment (note 17)	-	652	652
Plant and equipment (note 17)	-	784	784
<b>Total recurring fair value measurements</b>	<b>8 882</b>	<b>26 822</b>	<b>35 704</b>
<b>Total recurring fair value measurements</b>	<b>8 882</b>	<b>26 822</b>	<b>35 704</b>

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**18 Fair value measurement (continued)**

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

**Valuation techniques and inputs**

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 17. 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.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (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	2 297	11 160	10 802	1 127	652	784	26 822
Transfers to/(from) capital WIP	-	-	3 137	469	-	280	3 886
Disposals	-	-	( 129)	-	-	-	( 129)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	( 461)	( 981)	( 244)	( 213)	( 172)	(2 071)
Total gains/(losses) recognised in net result	-	( 461)	( 981)	( 244)	( 213)	( 172)	(2 071)
<b>Carrying amount at the end of the period</b>	<b>2 297</b>	<b>10 699</b>	<b>12 829</b>	<b>1 352</b>	<b>439</b>	<b>892</b>	<b>28 508</b>

**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	2 297	11 679	9 810	1 378	864	950	26 978
Transfers to/(from) capital WIP	-	-	1 859	-	-	-	1 859
Disposals	-	-	(117)	-	-	-	(117)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	( 519)	(750)	( 251)	( 212)	( 166)	(1898)
Total gains/(losses) recognised in net result	-	( 519)	( 750)	( 251)	( 212)	( 166)	(1 898)
<b>Carrying amount at the end of the period</b>	<b>2 297</b>	<b>11 160</b>	<b>10 802</b>	<b>1 127</b>	<b>652</b>	<b>784</b>	<b>26 822</b>

**South Australian State Emergency Service**  
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**19 Payables**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	96	831
Accrued expenses	1 024	301
Employment on-costs *	182	141
<b>Total current payables</b>	<b>1 302</b>	<b>1 273</b>
<b>Non-current</b>		
Employment on-costs *	141	105
<b>Total non-current payables</b>	<b>141</b>	<b>105</b>
<b>Total payables</b>	<b>1 443</b>	<b>1 378</b>

(\*) Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. SES makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation scheme. The only liability outstanding at reporting date relates to any contributions due 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 percentage of the proportion of long service leave taken as leave has changed from the 2017 rate 40% to 41% and the average factor for the calculation of employer superannuation cost on-cost is 9.9% (2017: 10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

**Interest rate and credit risk**

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from 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.

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

**20 Employee benefits liability**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Accrued salaries and wages	134	107
Annual leave	792	603
Skills and experience retention leave	39	34
Long service leave	71	66
<b>Total current employee benefits</b>	<b>1 036</b>	<b>810</b>
<b>Non-current</b>		
Long service leave	1 512	1 136
<b>Total non-current employee benefits</b>	<b>1 512</b>	<b>1 136</b>
<b>Total employee benefits</b>	<b>2 548</b>	<b>1 946</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 and sick leave**

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

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

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

**Long service leave**

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

This increase 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 not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by DTF 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 State Emergency Service**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**21 Provisions**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Provision for workers' compensation	225	152
Additional compensation	19	-
<b>Total current provisions</b>	<u>244</u>	<u>152</u>
<b>Non-current</b>		
Provision for workers' compensation	839	215
Additional compensation	918	-
<b>Total non-current provisions</b>	<u>1 757</u>	<u>215</u>
<b>Total provisions</b>	<u>2 001</u>	<u>367</u>
<b>Provision movement</b>		
<b>Workers' compensation:</b>		
Carrying amount at the beginning of the period	367	329
Additional provisions recognised	1 123	231
Reductions arising from payments/other sacrifice of future economic benefits	( 426)	(193)
<b>Carrying amount at the end of the period</b>	<u>1 064</u>	<u>367</u>
<b>Additional compensation:</b>		
Carrying amount at the beginning of the period	-	-
Additional provisions recognised	937	-
Reductions arising from payments/other sacrifice of future economic benefits	-	-
<b>Carrying amount at the end of the period</b>	<u>937</u>	<u>-</u>

**Workers' Compensation**

SES 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.

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.

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

Following changes to relevant Public Sector Enterprise Agreements and Awards, SES 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

**South Australian State Emergency Service**  
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**21 Provisions (continued)**

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.

**22 Related party transactions**

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

Related parties of SES 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, SES 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 SES and other SA Government entities are disclosed at note 31.

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

Compensation of Key Management Personnel is disclosed as note 3.

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

**South Australian State Emergency Service**  
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**23 Cash flow reconciliation**

	2018 \$'000	2017 \$'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	1 379	1 800
Balance as per the Statement of Cash Flows	1 379	1 800
<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	4 051	3 494
Less revenues from SA Government	(19 689)	(19 986)
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(2 348)	(2 109)
Net gain/(loss) from disposal of non-current assets	( 3)	9
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	47	(82)
(Increase)/decrease in payables	( 65)	488
(Increase)/decrease in employee benefits	( 602)	(350)
(Increase)/decrease in provisions	(1 634)	(38)
<b>Net cost of providing services</b>	<b>(20 243)</b>	<b>(18 574)</b>

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

**Operating lease commitments**

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

	2018 \$'000	2017 \$'000
Within one year	938	597
Later than one year but not later than five years	1 372	1 371
Later than five years	-	249
<b>Total operating lease commitments</b>	<b>2 310</b>	<b>2 217</b>

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the property lease agreements require the minimum lease payments to be increased annually based on consumer price index movement or by fixed amounts determined in the contracts.

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

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**24 Unrecognised contractual commitments (continued)**

**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	224	50
<b>Total capital commitments</b>	<b>224</b>	<b>50</b>

The capital commitments relate to building improvements.

**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	164	107
Later than one year but not later than five years	123	85
<b>Total expenditure commitments</b>	<b>287</b>	<b>192</b>

Contractual commitments relate to information technology contracts and staff training.

**25 Contingent assets and liabilities**

**Contingent assets**

SES is not aware of any contingent assets.

**Contingent liabilities**

SES is not aware of any contingent liabilities.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**26 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 the 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>Note</b>			
<b>Expenses</b>				
Employee benefits	a	7 110	9 758	2 648
Supplies and services		8 519	8 538	19
Grants and subsidies		-	127	127
Depreciation and amortisation		2 316	2 348	32
Net loss from disposal of non-current assets		-	3	3
<b>Total expenses</b>		<b>17 945</b>	<b>20 774</b>	<b>2 829</b>
<b>Income</b>				
Grants and contributions		55	285	230
Fees and charges		-	53	53
Interest revenues		23	21	(2)
Other income		90	172	82
<b>Total income</b>		<b>168</b>	<b>531</b>	<b>363</b>
<b>Net cost of providing services</b>		<b>17 777</b>	<b>20 243</b>	<b>2 466</b>
<b>Revenues from / payments to SA government</b>				
Revenues from SA government		20 068	19 689	( 379)
<b>Total net revenues from SA Government</b>		<b>20 068</b>	<b>19 689</b>	<b>( 379)</b>
<b>Total comprehensive result</b>		<b>2 291</b>	<b>( 554)</b>	<b>(2 845)</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 the original budgeted total expenses.

- a) Employee benefits were higher than budget predominantly due to the increase in the provision for workers compensation based on actuarial valuation. Also, there was an increase in temporary positions to implement recommendations from the Burns Review and Lawson Report and additional positions to improve recruitment and retention of SES volunteers.

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

**26 Budgetary reporting and explanations of major variances between budget and actual amounts**  
(continued)

		Original budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
<b>Investing expenditure summary</b>	<b>Note</b>			
Total annual program	b	4 325	4 597	272
<b>Total investing expenditure</b>		<b>4 325</b>	<b>4 597</b>	<b>272</b>

- b) Investing expenditure was higher than initial budget due to additional funding received during the year for the purchase of basecamp shelters.

**27 Financial risk management / financial instruments**

**Financial risk management**

Risk management is managed by SES corporate services section and SES 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 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.

**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 27.1 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.

SES 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 13, 14 and 15).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 13 and 15).

**Liquidity risk**

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

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**27 Financial risk management / financial instruments (continued)**

**Table 27 .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	13	1 379	1 379	-	-	-
Receivables <sup>(1)(2)</sup>	14	33	33	-	-	-
Other financial assets	15	388	388	-	-	-
<b>Total financial assets</b>		<b>1 800</b>	<b>1 800</b>	-	-	-
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	19	1 091	1 091	-	-	-
<b>Total financial liabilities</b>		<b>1 091</b>	<b>1 091</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	13	1 800	1 800	-	-	-
Receivables <sup>(1)(2)</sup>	14	20	20	-	-	-
Other financial assets	15	387	387	-	-	-
<b>Total financial assets</b>		<b>2 207</b>	<b>2 207</b>	-	-	-
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	19	1 109	1 109	-	-	-
<b>Total financial liabilities</b>		<b>1 109</b>	<b>1 109</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 14 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.

**Credit risk**

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

**South Australian State Emergency Service**  
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**27 Financial risk management/financial instruments (continued)**

**Market risk**

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

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

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>						
<b>Not impaired</b>						
Receivables	33	3	27	-	3	-
Other financial assets	388	388	-	-	-	-
	<b>421</b>	<b>391</b>	<b>27</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>2017</b>						
<b>Not impaired</b>						
Receivables	20	20	-	-	-	-
Other financial assets	387	387	-	-	-	-
	<b>407</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**28 Trust funds**

	2018 \$'000	2017 \$'000
Cash at bank	156	439
<b>Total trust funds</b>	<b>156</b>	<b>439</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. SES will administer these funds until they are fully expended. In 2017-18, total income earned by the Council was \$0.043 million and expenses incurred totalled \$0.335 million.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**29 Impact of standard and statements not yet implemented**

SES 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 SES 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. SES 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.

SES 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.

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**29 Impact of standards and statements not yet implemented (continued)**

SES 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 SES's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that SES 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 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.

SES 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.

SES 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 SES.

**30 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.

**31 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. A threshold of \$100 000 for separate identification of these items may be utilised. SES has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed

**South Australian State Emergency Service**  
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**31 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	364	565	9 394	6 315	9 758	6 880
Supplies and services	4						
Communications		52	68	242	325	294	393
Computing costs		46	69	390	439	436	508
Consultancy, contractors and legal fees		105	313	259	520	364	833
Government radio network		2 333	2 119	-	-	2 333	2 119
Insurance premiums		80	-	5	21	85	21
Operating lease costs		789	725	169	150	958	875
Operational costs		5	17	901	1 355	906	1 372
Travel and training		10	143	661	933	671	1 076
Vehicle		5	-	801	922	806	922
Property Costs		160	-	419	680	579	680
Uniforms and protective clothing		-	18	376	338	376	356
Other expenses		30	120	700	552	730	672
Grants and subsidies	5	42	-	85	92	127	92
Depreciation and amortisation expense	6	-	-	2 348	2 109	2 348	2 109
Net gain (loss) from disposal of non-current assets	7	-	-	3	-	3	-
<b>Total expenses</b>		<b>4 021</b>	<b>4 157</b>	<b>16 753</b>	<b>14 751</b>	<b>20 774</b>	<b>18 908</b>
<b>Income</b>							
Grants and contributions	8						
State Government		285	160	-	-	285	160
Fees and charges	9	-	-	53	-	53	-
Interest revenues	10	21	14	-	-	21	14
Other income	11						
Donations		-	-	4	6	4	6
Unit fundraising		-	-	7	21	7	21
Salary recoveries		88	-	1	78	89	78
Sundry revenues		18	-	36	35	54	35
Other		-	78	18	( 67)	18	11
Net gain (loss) from disposal of non-current assets	7	-	-	-	9	-	9
Revenues from SA Government	12	19 689	19 986	-	-	19 689	19 986
<b>Total income</b>		<b>20 101</b>	<b>20 238</b>	<b>119</b>	<b>82</b>	<b>20 220</b>	<b>20 320</b>

**South Australian State Emergency Service**  
**Notes to and forming part of the financial statements**  
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**31 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	13	1 379	1 800	-	-	1 379	1 800
Receivables	14						
Receivables		12	-	19	3	31	3
Prepayments		-	-	107	53	107	53
Accrued revenues		2	2	-	14	2	16
GST input tax recoverable		-	-	231	252	231	252
Other financial assets	15	-	-	388	387	388	387
<b>Total financial assets</b>		<b>1 393</b>	<b>1 802</b>	<b>745</b>	<b>709</b>	<b>2 138</b>	<b>2 511</b>
<b>Financial liabilities</b>							
Payables	19						
Accrued expenses		90	55	934	246	1 024	301
Creditors		-	75	96	756	96	831
Employment on-costs		164	123	159	123	323	246
<b>Total financial liabilities</b>		<b>254</b>	<b>253</b>	<b>1 189</b>	<b>1 125</b>	<b>1 443</b>	<b>1 378</b>