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## To the Chief Officer South Australian Country Fire Service

### Opinion

I have audited the financial report of the South Australian Country Fire Service for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Country Fire Service as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Officer and the Acting 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 Country 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* (including Independence Standards) have been met.

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

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

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

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

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 100(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian Country Fire Service for the financial year ended 30 June 2023.

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

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

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

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

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

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



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

19 September 2023

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# **South Australian Country Fire Service**

## **Financial Statements**

For the year ended 30 June 2023

OFFICIAL

**South Australian Country Fire Service  
Certification of the Financial Statements**  
*for the year ended 30 June 2023*

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We certify that the:

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



Brett Loughlin AFSM  
Chief Officer  
South Australian Country Fire Service  
15 September 2023



Cheong Fong  
Acting Business Manager  
South Australian Country Fire Service  
15 September 2023

## OFFICIAL

**South Australian Country Fire Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Income</b>			
Contributions from the Community Emergency Services Fund	2.1	93 617	93 363
Appropriation	2.2	6 690	-
Grants and contributions	2.3	3 374	5 359
SA Government grants, subsidies and transfers	2.4	380	6 828
Fees and charges	2.5	971	1 138
Interest		153	-
Net gain/(loss) from disposal of property plant and equipment	4.2	-	573
Other income	2.6	459	365
<b>Total income</b>		<b>105 644</b>	<b>107 626</b>
<b>Expenses</b>			
Supplies and services	4.1	64 667	63 697
Employee benefits	3.3	28 931	21 760
Depreciation and amortisation	5.1, 5.4	14 999	14 943
Grants and subsidies		924	633
Borrowing costs		153	152
Net gain/(loss) from disposal of property plant and equipment	4.2	41	-
Other expenses	4.3	-	27
<b>Total expenses</b>		<b>109 715</b>	<b>101 212</b>
<b>Net result</b>		<b>(4 071)</b>	<b>6 414</b>
<b>Total comprehensive result</b>		<b>(4 071)</b>	<b>6 414</b>

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

## OFFICIAL

**South Australian Country Fire Service**  
**Statement of Financial Position**  
*as at 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	13 283	16 533
Receivables	6.2	4 347	2 168
Other financial assets	6.3	2 605	1 885
<b>Total current assets</b>		<b>20 235</b>	<b>20 586</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	191 640	188 762
Intangible assets	5.4	338	-
Capital works in progress	5.5	35 976	40 445
<b>Total non-current assets</b>		<b>227 954</b>	<b>229 207</b>
<b>Total assets</b>		<b>248 189</b>	<b>249 793</b>
<b>Current liabilities</b>			
Payables	7.1	3 535	3 728
Financial liabilities	7.2	1 270	1 258
Employee benefits	3.4	3 201	2 944
Provisions	7.3	1 373	1 062
<b>Total current liabilities</b>		<b>9 379</b>	<b>8 992</b>
<b>Non-current liabilities</b>			
Payables	7.1	290	298
Financial liabilities	7.2	7 722	7 654
Employee benefits	3.4	2 878	3 044
Provisions	7.3	11 433	9 183
<b>Total non-current liabilities</b>		<b>22 323</b>	<b>20 179</b>
<b>Total liabilities</b>		<b>31 702</b>	<b>29 171</b>
<b>Net assets</b>		<b>216 487</b>	<b>220 622</b>
<b>Equity</b>			
Asset revaluation surplus	8.1	63 795	63 968
Retained earnings	8.1	152 692	156 654
<b>Total equity</b>		<b>216 487</b>	<b>220 622</b>

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

**South Australian Country Fire Service**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2023*

	Asset revaluation surplus	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	63 997	150 211	214 208
Net result for 2021-22	-	6 414	6 414
<b>Total comprehensive result for 2021-22</b>	<b>-</b>	<b>6 414</b>	<b>6 414</b>
Transfer between equity components	(29)	29	-
<b>Balance at 30 June 2022</b>	<b>63 968</b>	<b>156 654</b>	<b>220 622</b>
Prior period adjustments	-	(64)	(64)
<b>Restated balance at 30 June 2022</b>	<b>63 968</b>	<b>156 590</b>	<b>220 558</b>
Net result for 2022-23		(4 071)	(4 071)
<b>Total comprehensive result for 2022-23</b>	<b>-</b>	<b>(4 071)</b>	<b>(4 071)</b>
Transfer between equity components	(173)	173	-
<b>Balance at 30 June 2023</b>	<b>63 795</b>	<b>152 692</b>	<b>216 487</b>

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

**South Australian Country Fire Service**  
**Statement of Cash Flows**  
*for the year ended 30 June 2023*

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Contributions from the Community Emergency Services Fund		93 617	93 363
Appropriation		6 690	-
SA Government grants, subsidies and transfers		18	9 016
Fees and charges		1 277	1 138
Receipts from grants and contributions		670	5 359
Interest received		153	-
GST recovered from the Australian Taxation Office		7 929	8 716
Other receipts		911	429
<b>Cash generated from operations</b>		<b>111 265</b>	<b>118 021</b>
<b>Cash outflows</b>			
Employee benefits payments		(25 997)	(24 519)
Supplies and services payments		(73 156)	(74 434)
Grants and subsidies payments		(924)	(633)
Interest paid		(153)	(152)
<b>Cash used in operations</b>		<b>(100 230)</b>	<b>(99 738)</b>
<b>Net cash provided by operating activities</b>	<b>8.2</b>	<b>11 035</b>	<b>18 283</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		896	1 482
<b>Cash generated from investing activities</b>		<b>896</b>	<b>1 482</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(13 050)	(28 699)
Payments for disposal of property		-	(17)
Purchase of investments		(720)	(35)
<b>Cash used in investing activities</b>		<b>(13 770)</b>	<b>(28 751)</b>
<b>Net cash used in investing activities</b>		<b>(12 874)</b>	<b>(27 269)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of principal portion of lease liabilities		(1 411)	(1 413)
<b>Cash used by financing activities</b>		<b>(1 411)</b>	<b>(1 413)</b>
<b>Net cash provided by financing activities</b>		<b>(1 411)</b>	<b>(1 413)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3 250)</b>	<b>(10 399)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>16 533</b>	<b>26 932</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6.1</b>	<b>13 283</b>	<b>16 533</b>

The accompanying notes form part of these financial statements.

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1. About the South Australian Country Fire Service**

Under the *Fire and Emergency Services Act 2005* (the Act), the South Australian Country Fire Service (CFS) is a not for profit body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of the CFS.

**1.1. Basis of preparation**

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

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

No Australian Accounting Standards have been adopted early other than AASB 2021-2 which was adopted from 1 July 2021.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). 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.

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

Significant accounting policies are set out throughout these notes.

The CFS is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1.2. Objectives and programs**

**Objectives**

The CFS is volunteer based and is responsible under the Act for the following functions:

- to provide frontline services with the aim of preventing the outbreak of fires, reducing the impact of fires and preparing communities through comprehensive community engagement programs
- to provide efficient and responsive frontline services for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies
- to develop and maintain plans to cope with the effects of fires and other emergencies
- to provide services or support to assist with recovery in the event of a fire or other emergency.

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

Funds generated by Groups and Brigades through fundraising activities are held by the respective Group/Brigade for expenditure on the CFS's activities in the local community. These funds are recognised in the CFS's financial statements.

**Programs**

In achieving its objectives, the CFS provides services within two areas of activity: frontline service delivery and frontline service delivery support. These services are classified under one program titled 'Country Fire Service'. These services are predominantly delivered by volunteers.

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

**1.3. Budget performance**

The budget performance table compares the CFS's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Income</b>				
Contribution from the Community Emergency Services Fund				
		92 958	93 617	659
Appropriation	a	750	6 690	5 940
Grants and contributions		2 075	3 374	1 299
SA Government grants, subsidies and transfers		-	380	380
Fees and charges		1 741	971	(770)
Interest		-	153	153
Other income		926	459	(467)
<b>Total Income</b>		<b>98 450</b>	<b>105 644</b>	<b>7 194</b>
<b>Expenses</b>				
Supplies and services	b	52 844	64 667	11 823
Employee benefits	c	21 070	28 931	7 861
Depreciation and amortisation		14 149	14 999	850
Grants and subsidies		982	924	(58)
Borrowing costs		175	153	(22)
Net loss from the disposal of non-current and other assets		-	41	41
Other expenses		625	-	(625)
<b>Total Expenses</b>		<b>89 845</b>	<b>109 715</b>	<b>19 870</b>
<b>Net result</b>		<b>8 605</b>	<b>(4 071)</b>	<b>(12 676)</b>
<b>Total comprehensive result</b>		<b>8 605</b>	<b>(4 071)</b>	<b>(12 676)</b>

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 Relates to appropriation received for aerial firefighting (\$5.6 million) and River Murray floods (\$0.38 million).
- b Due to aircraft standby and operation costs for extensions and additional operational activity (\$5.0 million), property costs (\$1.4 million), vehicle servicing, maintenance and refurbishment (\$1.4 million), contractors and consultancies (\$0.7 million), volunteer training fees (\$0.6 million) and fixed telephone costs (\$0.5 million).
- c Due to workers compensation expense (\$2.3 million), additional compensation (\$1.3 million), limited time positions (\$1.1 million), Australian fire danger rating system (\$0.6 million), major incidents (\$0.6 million) and fire truck safety systems (\$0.1 million).

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1.3 Budget performance (continued)**

	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<b>Investing expenditure summary</b>				
Total new projects	d	11 603	9 894	1 709
Total Annual Programs	e	9 184	2 846	6 338
Total Leases	f	1 672	675	997
<b>Total investing expenditure</b>		<b>22 459</b>	<b>13 415</b>	<b>9 044</b>

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.

- d Due to delays in the heavy fleet program & Sonnen battery project.
- e Predominantly due to delays in the building program/facilities renew program and equipment acquisitions. Funding has been approved for carryover.
- f Budgets are based on SAFA calculations of the leased vehicles which was not reflective of lease renewals.

**1.4. Significant transactions with government related entities**

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

- Payment to the Attorney-General's Department for the government radio network of \$13.9 million (refer note 4.1);
- Contributions from the Fund (refer note 2.1)

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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## 2. Income

### 2.1. Contributions from Community Emergency Services Fund

Contributions from the Fund amount to \$93.617 million (2022: \$93.363 million) and are recognised as revenues when the CFS obtains control over the funding. Control over contributions is normally obtained upon receipt.

### 2.2. Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	750	-
Appropriation from Governor's Appropriation Fund	5 940	-
<b>Total appropriation</b>	<b>6 690</b>	<b>-</b>

Appropriation is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$6.690 million for operational funding.

### 2.3. Grants and contributions

Grants and Contributions of \$3.374 million (2022: \$5.359 million) are recognised as an asset and income when the CFS obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met, this is generally on receipt.

Private industry funding includes contributions received from the National Aerial Firefighting Centre Ltd. These funds can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on at least a dollar for dollar basis.

Commonwealth Government revenue includes once-off project grants which are subject to specific funding agreements.

### 2.4. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Intra government transfers	67	6 046
Contingency funding provided by the Department of Treasury and Finance	-	696
Intra agency grants	138	-
Embed BOM Meteorologist	175	86
<b>Total SA Government grants, subsidies and transfers</b>	<b>380</b>	<b>6 828</b>

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

**South Australian Country Fire Service**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**2.5. Fees and charges**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fire alarm attendance fees	346	388
Fire alarm monitoring fees	273	289
Fire safety fees	262	332
Facilities hire fees	90	112
Incident cost recoveries	-	17
<b>Total fees and charges</b>	<b>971</b>	<b>1 138</b>

All revenue from fees and charges is revenue recognised from contracts with customers.

Fees and charges revenue is recognised at a point in time when the CFS satisfies performance obligations by transferring the promised goods or services to its customers.

The CFS recognises revenue from contracts with customers from the following major sources:

**Fire alarm attendance and fire safety fees**

The CFS provides a range of fire alarm attendance and fire safety services to customers and charge prescribed fees for these services as regulated under the *Fire and Emergency Services Act 2005*. The CFS recognises revenue for these services in arrears once the relevant deliverables have been provided to the customer in line with the CFS's legislated responsibilities and internal policies.

The CFS is a referral agency under the *Planning, Development and Infrastructure Regulations 2017* and receives revenue from customers for undertaking development assessments in designated bushfire prone areas under the Planning and Design Code.

Payments for development assessments are received in advance upon referral of the development application to the CFS from the Attorney-General's Department or direct from the customer. The CFS is required to undertake an assessment of the development and provide statutory advice to the relevant parties. Revenue is recognised in arrears once statutory advice has been provided.

**Fire alarm monitoring fees**

The CFS undertake fire alarm monitoring services for customers and charge prescribed fees for these services as regulated under the *Fire and Emergency Services Act 2005*. Customers are charged an annual fee for this service and generally pay upfront in the first quarter of the financial year. The CFS recognises revenue for monitoring services over the time services are provided, with all services delivered by 30 June at the end of the financial year.

**Facilities hire fees**

The CFS receives revenue from the short term hire of the State Training Centre facilities at Brukunga from government and non-government customers. The terms of hire are outlined in a hire agreement that stipulate obligations regarding facilities, accommodation and catering to be provided. Customers are invoiced and payment is received in arrears once all performance obligations have been met.

**Incident cost recoveries**

The CFS provides support to other jurisdictions that request it when an emergency incident occurs. The terms of deployment are managed in accordance with the Arrangement for Interstate Assistance Framework by the National Resource Sharing Centre under the Australian and New Zealand National Council for Fire and Emergency Services.

The inputs of the request are outlined in an operating plan and may include personnel, firefighting equipment and supplies, and consumables. Payment is made by the jurisdiction who received the assistance in arrears once performance obligations have been met and total costs of assistance have been assessed. Revenue is recognised in arrears once the emergency event has concluded and all assistance outlined in the operating plan has been ceased.

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**2.6. Other income**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Group/Brigade Fundraising	181	39
Sundry revenues	44	85
Donations	6	17
Insurance recoveries	23	92
Salary recoveries	15	11
Other recoveries	-	22
Donated asset	-	4
Other	190	95
<b>Total other income</b>	<b>459</b>	<b>365</b>

Recoveries include employee benefits recoveries (i.e. where employees are seconded to other agencies or Commonwealth programs and the CFS continues to provide the ongoing salary for the employees) and goods and services (that is, where the CFS incurs expenditure on goods and services and later recovers the expenditure).

Although not recognised in the CFS's financial statements, the CFS receives volunteer services from numerous volunteers who provide frontline emergency response services to the community and in other support roles.

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### 3. Board, committees and employees

#### 3.1. Key management personnel

Key management personnel of the CFS include the Minister, the Chief Officer, the Deputy Chief Officer and Executive Directors of the CFS, who have responsibility for the strategic direction and management of the CFS.

The compensation detailed below excludes salaries and other benefits received by the Minister. 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	723	731
Post-employment benefits	75	103
<b>Total compensation</b>	<b>798</b>	<b>834</b>

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

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

#### 3.2. Remuneration of board and committee members

Members of boards and committees during 2023 were:

##### State Bushfire Coordination Committee

B Loughlin\* (appointed 10 October 2022)  
M Jones\* (term expired 26 September 2022)  
A. Howard\* (term expired 19 May 2023)  
C Devey\* (appointed 20 April 2023)  
K M Egan  
M Ashley  
R A Cadd  
F J Gill\*  
J Formston\* (appointed 20 April 2023)  
J B Drew\*  
M J Blason  
M J Garrod\*  
P Yeomans (appointed 20 April 2023)  
S Reachill\*  
T A Fountain\*  
P R White  
P Button\*  
A Walsh  
J S Crocker  
J Ferguson (appointed 20 April 2023)  
B McIntosh (term expired 28 February 2023)  
S McLean\* (appointed 11 August 2022)  
T Moffat\* (term expired 12 July 2022)  
I T Copley (appointed 11 August 2022, resigned 27 February 2023)

A May\* (appointed 20 April 2023)  
M Anolak  
T N B Roberts  
J D Lindner  
D Ezis\*  
D M Kowalski\* (appointed 20 April 2023)  
G Brown\*  
E G Petrenas\*  
P Merry  
J L Clark\*  
H L Greaves (appointed 20 April 2023)  
J Moyle  
M S Martin\*  
R K Hardy\*  
D S Gilbertson  
P Kilsby\* (appointed 20 April 2023)  
G Blenham\* (term expired 7 July 2022)  
N Bamford\* (term expired 12 July 2022)  
L M Brooks  
B A Swaffer  
T Vaughan (appointed 20 April 2023)  
M Sutton (term expired 31 January 2023)  
J De Candia\* (appointed 11 August 2022)  
C Lindsay\* (appointed 11 August 2022, resigned 4 January 2023)

\* 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.

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**3.2 Remuneration of board and committee members (continued)**

**Board and committee remuneration**

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

The number of members whose remuneration received or receivable falls within the following bands:	2023	2022
\$0 - \$19 999	48	40
<b>Total number of members</b>	<b>48</b>	<b>40</b>

The total remuneration received or receivable by members was \$2 000 (2022: \$2 000). 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 related fringe benefits tax paid.

**3.3. Employee benefits expenses**

	2023	2022
	\$'000	\$'000
Salaries and wages	19 308	17 285
Workers compensation	2 748	(437)
Employment on-costs - superannuation	2 081	1 780
Annual leave	1 695	1 570
Long service leave	540	(130)
Payroll tax	1 166	1 032
Skills and experience retention leave	78	92
Other employment related expenses	58	42
Board fees	1	2
Targeted voluntary separation payments	-	408
Additional compensation	1 256	116
<b>Total employee benefits expenses</b>	<b>28 931</b>	<b>21 760</b>

**Employment expenses**

The superannuation employment on-cost charge represents the CFS's contributions to superannuation plans in respect of current services of current employees. There are no liabilities for payments to beneficiaries recognised by the CFS as DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

The CFS's staff are employed under Part 4 of the *South Australian Fire and Emergency Services Act 2005*.

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

**Employee remuneration**

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

	Employees	
	2023	2022
	Number	Number
\$157 001 to \$160 000 *	-	1
\$160 001 to \$180 000	9	4
\$180 001 to \$200 000	3	2
\$200 001 to \$220 000	1	-
\$220 001 to \$240 000	-	1
\$260 001 to \$280 000	1	-
\$280 001 to \$300 000	1	-
\$340 001 to \$360 000	-	1
<b>Total</b>	<b>15</b>	<b>9</b>

\*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2022-23.

The total remuneration received by these employees for the year was \$2.85 million (2022: \$1.78 million).

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 any related fringe benefits tax paid.

The number of employees included in the banding for 2023 has increased from 2022 due to an increase operational requirements resulting in overtime payments.

**Targeted voluntary separation packages (TVSP)**

The number of employees who received a TVSP during the reporting period was nil (2022:10).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme payments	-	408
Leave paid to those employees	-	269
<b>Net cost of TVSPs</b>	<b>-</b>	<b>677</b>

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

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**3.4. Employee benefits liability**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	2 526	2 371
Skills and experience retention leave	125	125
Long service leave	550	448
<b>Total current employee benefits</b>	<b>3 201</b>	<b>2 944</b>
<b>Non-current</b>		
Long service leave	2 878	3 044
<b>Total non-current employee benefits</b>	<b>2 878</b>	<b>3 044</b>
<b>Total employee benefits</b>	<b>6 079</b>	<b>5 988</b>

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

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

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. The salary inflation rate applied to the annual leave and SERL liabilities increased to 2% in 2023 from 1.5% in 2022.

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 for 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.

AASB 119 *Employee Benefits* contains 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 and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the police and emergency services sector.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 3.75% in 2022 to 4% in 2023. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an overall decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a reduction in the long service leave liability and employee benefits expense of \$72 100. 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 increased the salary inflation rate to 3.5% (2022: 2.5%) for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

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**4. Expenses**

**4.1. Supplies and services**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Aerial support costs	15 471	14 552
Government radio network	13 959	13 619
Vehicles	8 302	9 311
Operational costs	5 116	4 950
Property costs	3 416	4 002
Travel and training	2 338	2 475
Consultancy, contractor and legal fees	2 707	2 518
Uniforms and protective clothing	2 606	2 101
Communications	2 414	2 584
Computing costs	1 600	1 823
Accommodation	2 194	1 670
Insurance premiums	594	433
Short term leases	370	346
Other expenses	3 580	3 313
<b>Total supplies and services</b>	<b>64 667</b>	<b>63 697</b>

**Accommodation**

A part of the CFS's accommodation is provided by the Department of Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangements (MoAA) issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within 'Accommodation' above).

**Other**

Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$53 000 (2022: \$33 000). No other services were provided by the Auditor-General's Department.

**Leases**

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

**Consultants**

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

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
Below \$10 000	11	32	1	4
\$10 000 or above	10	589	7	747
<b>Total paid / payable to the consultants</b>	<b>21</b>	<b>621</b>	<b>8</b>	<b>751</b>

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets held for sale</b>		
Proceeds from disposal	-	500
Costs of disposal	-	(14)
Less net book value of assets disposed	-	(500)
<b>Net gain / (loss) from disposal of assets held for sale</b>	<b>-</b>	<b>(14)</b>
<b>Land and buildings</b>		
Proceeds from disposal	-	-
Costs of disposal	-	(3)
Less net book value of assets disposed	-	(3)
<b>Net gain / (loss) from disposal of land and buildings</b>	<b>-</b>	<b>(6)</b>
<b>Vehicles</b>		
Proceeds from disposal	895	982
Less net book value of assets disposed	(588)	(388)
<b>Net gain / (loss) from disposal of vehicles</b>	<b>307</b>	<b>594</b>
<b>Plant and equipment</b>		
Proceeds from disposal	1	-
Less net book value of assets disposed	(349)	(1)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<b>(348)</b>	<b>(1)</b>
<b>Total assets:</b>		
Proceeds from disposal of non-current assets	896	1 482
Costs of disposal	-	(17)
Less net book value of assets disposed	(937)	(892)
<b>Net gain / (loss) from disposal of non-current assets</b>	<b>(41)</b>	<b>573</b>

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

**4.3. Other expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Donated assets	-	27
<b>Total other expenses</b>	<b>-</b>	<b>27</b>

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**5. Non-financial assets**

**5.1. Property, plant and equipment**

Property, plant and equipment comprises owned and right-of-use leased (ROU) tangible assets that do not meet the definition of investment property.

**Reconciliation of property, plant and equipment during 2022-23**

	Land \$'000	Buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Land \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	ROU Plant and equipment \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	15 640	44 316	108 834	11 254	64	946	623	7 085	188 762
Prior period adjustments	-	(6)	(59)	(1)	2	-	-	-	(64)
<b>Restated carrying amount at the beginning of the period</b>	15 640	44 310	108 775	11 253	66	946	623	7 085	188 698
Acquisitions	101	-	-	-	-	103	572	-	776
Transfers from capital WIP <sup>(1)</sup>	-	1 615	15 174	421	-	-	-	-	17 210
Disposals	-	-	(588)	(349)	-	-	-	-	(937)
Remeasurement	-	-	-	-	(27)	367	-	476	816
<b>Subtotal:</b>	<b>15 741</b>	<b>45 925</b>	<b>123 361</b>	<b>11 325</b>	<b>39</b>	<b>1 416</b>	<b>1 195</b>	<b>7 561</b>	<b>206 563</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation	-	(2 733)	(8 951)	(1 834)	(1)	(444)	(418)	(542)	(14 923)
<b>Subtotal:</b>	<b>-</b>	<b>(2 733)</b>	<b>(8 951)</b>	<b>(1 834)</b>	<b>(1)</b>	<b>(444)</b>	<b>(418)</b>	<b>(542)</b>	<b>(14 923)</b>
<b>Carrying amount at the end of the period</b>	<b>15 741</b>	<b>43 192</b>	<b>114 410</b>	<b>9 491</b>	<b>38</b>	<b>972</b>	<b>777</b>	<b>7 019</b>	<b>191 640</b>
<b>Gross carrying amount</b>									
Gross carrying amount	15 741	53 041	145 250	16 700	40	2 640	2 159	8 588	244 159
Accumulated depreciation	-	(9 849)	(30 840)	(7 209)	(2)	(1 668)	(1 382)	(1 569)	(52 519)
<b>Carrying amount at the end of the period</b>	<b>15 741</b>	<b>43 192</b>	<b>114 410</b>	<b>9 491</b>	<b>38</b>	<b>972</b>	<b>777</b>	<b>7 019</b>	<b>191 640</b>

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$882 000. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

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

Reconciliation of property, plant and equipment during 2021-22

	Land \$'000	Buildings \$'000	Vehicles \$'000	Plant & equipment \$'000	ROU Land \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	ROU Plant and equipment \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	<b>15 640</b>	<b>42 868</b>	<b>111 441</b>	<b>12 805</b>	<b>65</b>	<b>1 338</b>	<b>775</b>	<b>8 850</b>	<b>193 782</b>
Acquisitions	-	-	-	-	-	-	414	-	414
Transfers from capital WIP <sup>(1)</sup>	-	4 163	6 322	556	-	-	-	-	11 041
Disposals	-	(3)	(388)	(1)	-	-	(6)	-	( 398)
Donated Assets	-	-	(27)	-	-	-	-	-	( 27)
Remeasurement	-	-	-	-	-	17	-	(1 208)	(1 191)
<b>Subtotal:</b>	<b>15 640</b>	<b>47 028</b>	<b>117 348</b>	<b>13 360</b>	<b>65</b>	<b>1 355</b>	<b>1 183</b>	<b>7 642</b>	<b>203 621</b>
<b>Gains/(losses) for the period recognised in net result:</b>									
Depreciation	-	(2 712)	(8 514)	(2 106)	(1)	(409)	(560)	(557)	(14 859)
<b>Subtotal:</b>	<b>-</b>	<b>(2 712)</b>	<b>(8 514)</b>	<b>(2 106)</b>	<b>(1)</b>	<b>(409)</b>	<b>(560)</b>	<b>(557)</b>	<b>(14 859)</b>
<b>Carrying amount at the end of the period</b>	<b>15 640</b>	<b>44 316</b>	<b>108 834</b>	<b>11 254</b>	<b>64</b>	<b>946</b>	<b>623</b>	<b>7 085</b>	<b>188 762</b>
<b>Gross carrying amount</b>									
Gross carrying amount	15 640	51 426	130 677	17 064	67	2 170	2 025	8 112	227 181
Accumulated depreciation	-	(7 110)	(21 843)	(5 810)	(3)	(1224)	(1 402)	(1 027)	(38 419)
<b>Carrying amount at the end of the period</b>	<b>15 640</b>	<b>44 316</b>	<b>108 834</b>	<b>11 254</b>	<b>64</b>	<b>946</b>	<b>623</b>	<b>7 085</b>	<b>188 762</b>

\* All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$882 000. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

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## 5.1 Property, plant and equipment (continued)

### Depreciation

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

### Useful life

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

Class of asset	Useful life (years)
Buildings	1-40
Vehicles	1-30
Plant and equipment	1-20
ROU Land	77
ROU Buildings	2-77
ROU Vehicles	3-5
ROU Plant and equipment	15

### Review of accounting estimates

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

## 5.2. Property, plant and equipment owned by the CFS

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

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

### Impairment

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

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

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

Right-of-use property, plant and equipment leased by the CFS is measured at cost and there were no indications of impairment of right-of-use assets.

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

The CFS has a limited number of leases:

- 112 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km).
- 7 commercial leases for land and buildings used for the purpose of CFS brigade and group operational and administrative activities.
- 1 commercial lease over plant used for PFAS remediation purposes.

The lease liabilities and interest expense related to the ROU assets are disclosed in note 7.2. The CFS's maturity analysis of lease liabilities is disclosed in note 7.2. Cash outflows related to ROU assets are disclosed in note 8.2. The CFS has not committed to any lease arrangements that have not commenced from 1 July.

**5.4. Intangible assets**

<i>Computer software</i>	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	-	84
Transfers from capital WIP	414	-
<b>Subtotal:</b>	<b>414</b>	<b>84</b>
<b>Gains/(losses) for the period recognised in net result:</b>		
Amortisation	(76)	(84)
<b>Subtotal:</b>	<b>(76)</b>	<b>(84)</b>
<b>Carrying amount at the end of the period</b>	<b>338</b>	<b>-</b>
<b>Gross carrying amount</b>		
Gross carrying amount	692	277
Accumulated amortisation	(354)	(277)
<b>Carrying amount at the end of the period</b>	<b>338</b>	<b>-</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting period. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the CFS's computer software is calculated on a straight line basis over the estimated useful of five years.

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

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

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

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**5.5. Capital works in progress**

	2023	2022
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>40 445</b>	<b>28 240</b>
Acquisitions	13 164	23 238
Transfers to property, plant and equipment	(17 210)	(11 041)
Transfers to intangibles	(414)	-
CWIP write off	(9)	8
<b>Carrying amount at the end of the period</b>	<b>35 976</b>	<b>40 445</b>

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

**6. Financial assets**

**6.1. Cash and cash equivalents**

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	7 207	9 917
Cash at bank - Groups/Brigades	5 114	5 316
Short-term deposits - Groups/Brigades	950	1 288
Cash at bank	8	8
Cash on hand	4	4
<b>Total cash and cash equivalents</b>	<b>13 283</b>	<b>16 533</b>

Cash is measured at nominal amounts.

**Deposits with the Treasurer**

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

One operating account held with the Treasurer is interest bearing. There was no interest earned during 2022 due to Treasury advising public authorities in November 2020 that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Interest re-commenced being paid in February 2023 on cash balances from May 2022.

**Cash at bank – Groups/Brigades**

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

**Short term deposits – Groups/Brigades**

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.

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**6.2. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	3 461	732
Less impairment loss on receivables	(27)	(4)
GST input tax recoverable	540	1 001
Accrued Revenue	18	26
Prepayments	355	413
<b>Total current receivables</b>	<b>4 347</b>	<b>2 168</b>
<b>Total receivables</b>	<b>4 347</b>	<b>2 168</b>

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

Other than as recognised in the allowance for impairment loss, 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.

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

Refer to note 10.2 for further information on risk management.

The CFS has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all contractual receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

**Movement in allowance for impairment loss on receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>4</b>	<b>4</b>
Amounts written off	-	(3)
Increase/(decrease) in the allowance	-	3
<b>Carrying amount at the end of the period</b>	<b>4</b>	<b>4</b>

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government.

Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

**6.3. Other financial assets**

Medium-term deposits of \$2.605 million (2022: \$1.885 million) are held by the CFS 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. Other financial assets are measured at fair value.

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## 7. Liabilities

### 7.1. Payables

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Creditors	353	235
Accrued expenses	2 555	2 928
Paid Parental Leave Scheme payable	-	3
Employment on-costs	627	562
<b>Total current financial liabilities</b>	<b>3 535</b>	<b>3 728</b>
<b>Non-current</b>		
Creditors	1	2
Employment on-costs	289	296
<b>Total non-current financial liabilities</b>	<b>290</b>	<b>298</b>
<b>Total payables</b>	<b>3 825</b>	<b>4 026</b>

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

#### Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken has increased to 43% from 42% in 2022. The average factor for the calculation of employer superannuation on-costs has changed to 11.1% from 10.6% in 2022. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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**7.2. Financial liabilities**

The CFS measures lease liabilities \$8.992 million (2022: \$8.912 million) at discounted future lease payments using either the interest rate implicit in the lease or DTFs incremental borrowing rate. There were no defaults or breaches throughout the year.

Interest expense paid on lease liabilities during 2022-23 was \$153 000 (2022: \$152 000). The CFS does not capitalise borrowing costs.

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

	2023	2022
	\$'000	\$'000
<b>Lease liabilities</b>		
within 1 year	1 431	1 416
1 to 5 years	3 532	3 197
More than 5 years	5 068	5 407
<b>Total lease liabilities (undiscounted)</b>	<b>10 031</b>	<b>10 020</b>

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

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**7.3. Provisions**

	2023	2022
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	1 274	1 011
Additional compensation	99	51
<b>Total current provisions</b>	<u>1 373</u>	<u>1 062</u>
<b>Non-current</b>		
Provision for workers compensation	7 645	6 567
Additional compensation	3 788	2 616
<b>Total non-current provisions</b>	<u>11 433</u>	<u>9 183</u>
<b>Total provisions</b>	<u>12 806</u>	<u>10 245</u>
<b>Movement in provisions</b>	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>Workers compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>7 578</b>	<b>9 071</b>
Reduction arising from payments	(885)	(1 056)
Changes from remeasurement	2 226	(437)
<b>Carrying amount at the end of the period</b>	<u><b>8 919</b></u>	<u><b>7 578</b></u>
<b>Additional compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>2 667</b>	<b>2 580</b>
Reduction resulting from payments	(39)	(30)
Changes from remeasurement	1 259	117
<b>Carrying amount at the end of the period</b>	<u><b>3 887</b></u>	<u><b>2 667</b></u>

**Workers compensation provision (statutory and additional compensation schemes)**

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are 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.

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

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

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**8. Other disclosures****8.1. Equity**

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

**8.2. Cash flow reconciliation**

	<b>2023</b>	<b>2022</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	13 283	16 533
Balance as per the Statement of Cash Flows	13 283	16 533
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash (used in) / provided by operating activities	11 035	18 283
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(14 999)	(14 943)
Donated assets	-	(27)
Net gain/(loss) from disposal of non-current assets	(41)	573
CWIP adjustments	(9)	8
Capital accruals	215	(5 461)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	2 179	(2 064)
(Increase)/decrease in payables	201	7 419
(Increase)/decrease in employee benefits	(91)	1 220
(Increase)/decrease in provisions	(2 561)	1 406
<b>Net result</b>	<b>(4 071)</b>	<b>6 414</b>

Total cash outflows for leases for the CFS was \$1.934 million (2022: \$1.91 million)

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## 9. Outlook

### 9.1. Unrecognised contractual commitments

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

#### Contractual commitments to acquire property, plant and equipment

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

	2023	2022
	\$'000	\$'000
Within one year	2 518	3 007
Later than one year but not later than five years	-	1 665
<b>Total capital commitments</b>	<b>2 518</b>	<b>4 672</b>

These capital commitments are the provision of new vehicles, as well as building and equipment projects.

#### Other contractual commitments

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

	2023	2022
	\$'000	\$'000
No later than one year	2 785	4 575
Later than one year but not later than five years	7 549	10 584
Later than five years	18 327	20 010
<b>Total expenditure commitments</b>	<b>28 661</b>	<b>35 169</b>

Contractual commitments are for accommodation, maintenance contracts, personal protective clothing and information technology.

### 9.2. Contingent assets and liabilities

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

The CFS is not aware of any contingent assets at the reporting date.

At 30 June 2023, the CFS identified a contingent liability relating to the historical use of per- and polyfluoralkyl substances (PFAS) firefighting foams across sites in South Australia.

PFAS contamination has been identified at Brukunga, Naracoote, Cherry Gardens, Millicent and Ashton CFS sites, which are now subject to s83a Notices of Site Contamination under the *Environment Protection Act 1993*. It is expected that future sites may be identified as PFAS contaminated in the future.

The CFS is continuing to work through the cost implications of PFAS contamination which is expected to include costs to remediate contaminated land and dispose of contaminated materials.

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

The CFS has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the CFS statements.

**9.4. Events after the reporting period**

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

**10. Measurement and risk**

**10.1. Fair value**

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

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

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

The 2019-20 valuation highlighted a possibility of the COVID-19 pandemic impacting the determined fair values. However there is no observable evidence that can reliably quantify the impact at the reporting date.

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**10.1. Fair value (continued)**

**Fair value hierarchy**

The CFS classifies the 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.

The CFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2022 and 2023, the CFS had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

**Land and buildings**

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pty Ltd as at 1 November 2019. The CFS did not revalue land and buildings related to peppercorn leased sites. These have been recognised at their carrying amounts from 30 June 2019. The land and buildings values at revaluation were considered relevant for 30 June 2023.

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

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

**Plant and equipment**

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

**10.2. Financial instruments**

**Financial risk management**

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

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

**Liquidity risk**

The CFS is funded principally from the Fund. The CFS works with the Fund to determine the cash flows associated with its Government approved program of work and to ensure funding meets the expected cash flows.

Refer to notes 1.2 and 2.1 for further information.

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**10.2. Financial instruments (continued)**

**Credit risk**

The CFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the CFS.

**Cash**

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

**Impairment of financial assets**

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

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the CFS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the CFS's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the CFS is exposed to credit risk.

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

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>2023</b>			
Current (not past due)	2 959	0.28%	8
1 - 30 days past due	31	0.42%	-
31 - 60 days past due	4	1.00%	-
61 - 90 days past due	10	5.03%	1
More than 90 days past due	189	9.45%	18
<b>Loss allowance</b>	<b>3 193</b>		<b>27</b>

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

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

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

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

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**10.2. Financial instruments (continued)**

**Impairment of financial assets (continued)**

Receivables with a contractual amount of \$3 000 written off during the year are still subject to enforcement activity.

The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Impairment losses on the CFS's receivables were \$27 000 (2022: \$4 000). No impairment losses were recognised in relation to contract assets and accrued revenue during the year.

**Cash and debt instruments**

The CFS's debt investments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12 months expected losses. The expected credit loss is nil.

**Market risk**

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

Exposure to interest rate risk may arise through its interest-bearing liabilities, including borrowings. The CFS's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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 financial asset/financial liability note.

**Classification of financial instruments**

The CFS measures all financial instruments at amortised cost excluding lease liabilities which are measured at the present value of expected future cash payments.. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2023 and are expected to be settled within one year excluding financial liabilities. Refer to the Lease Liabilities Maturity analysis in note 7.2 for more information.