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To the Chief Officer South Australian State Emergency Service

Opinion

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

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 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 Business Manager.

Basis for opinion

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

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

Responsibilities of the Chief Officer for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 120(2) of the *Fire and Emergency Services Act 2005*, I have audited the financial report of the South Australian State Emergency Service for the 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 State Emergency Service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Officer

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

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

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



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

19 September 2023

OFFICIAL

South Australian State Emergency Service

Financial Statements

For the year ended 30 June 2023

South Australian State Emergency Service
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

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



Chris Beattie
Chief Officer

15 September 2023



Gabriel Tudini
Business Manager

15 September 2023

South Australian State Emergency Service
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Contributions from Community Emergency Services Fund	2.1	34 530	22 680
Appropriation	2.2	5 835	-
Fees and charges	2.3	163	326
SA Government grants, subsidies and transfers	2.4	451	5 658
Grants and contributions	2.5	254	250
Investment and interest revenues	2.6	64	6
Net gain from disposal of non-current assets	4.2	-	52
Other income	2.7	88	106
Total income		41 385	29 078
Expenses			
Employee benefits expenses	3.2	10 708	12 473
Supplies and services	4.1	24 964	12 866
Grants and subsidies		207	92
Depreciation and amortisation	5.1, 5.4	3 465	3 309
Net loss from disposal of non-current assets	4.2	793	-
Borrowing Costs		20	19
Other expenses		27	12
Total expenses		40 184	28 771
Net result		1 201	307
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		272	177
<i>Items that will be reclassified to net result when specific conditions are met</i>			
Gains or losses recognised directly in equity	8.1	12	(8)
Total other comprehensive income		284	169
Total comprehensive result		1 485	476

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

South Australian State Emergency Service
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	2 254	2 653
Receivables	6.2	871	846
Other financial assets	6.3	345	161
Non-current assets classified as held for sale	6.4	656	509
Total current assets		4 126	4 169
Non-current assets			
Property, plant and equipment	5.1	48 821	46 872
Intangible assets	5.4	71	113
Capital works in progress	5.5	6 420	6 786
Total non-current assets		55 312	53 771
Total assets		59 438	57 940
Current liabilities			
Payables	7.1	3 209	2 880
Employee benefits	3.3	1 579	1 486
Provisions	7.3	253	262
Financial liabilities	7.2	166	121
Total current liabilities		5 207	4 749
Non-current liabilities			
Payables	7.1	128	125
Employee benefits	3.3	1 287	1 298
Provisions	7.3	1 871	2 282
Financial liabilities	7.2	768	750
Total non-current liabilities		4 054	4 455
Total liabilities		9 261	9 204
Net assets		50 177	48 736
Equity			
Asset revaluation surplus	8.1	7 653	8 686
Retained earnings	8.1	42 513	40 051
Investments market value reserve	8.1	11	(1)
Total equity		50 177	48 736

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

South Australian State Emergency Service
Statement of Changes in Equity
for the year ended 30 June 2023

	Investment market value reserve	Asset revaluation surplus	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	7	8 489	39 764	48 260
Net result for 2021-22	-	-	307	307
Gain on revaluation of land and buildings during 2021-22	-	177	-	177
Gains or losses recognised directly in equity	(8)	-	-	(8)
Total comprehensive result for 2021-22	(8)	177	307	476
Transfer between equity components	-	20	(20)	-
Balance at 30 June 2022	(1)	8 686	40 051	48 736
Prior period adjustments	-	-	(44)	(44)
Restated balance at 30 June 2022	(1)	8 686	40 007	48 692
Net result for 2022-23	-	-	1 201	1 201
Gain on revaluation of land and buildings during 2022-23	-	272	-	272
Gains or losses recognised directly in equity	12	-	-	12
Total comprehensive result for 2022-23	12	272	1 201	1 485
Transfer between equity components	-	(1 305)	1 305	-
Balance at 30 June 2023	11	7 653	42 513	50 177

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

South Australian State Emergency Service
Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Contributions from Community Emergency Services Fund		34 530	22 680
Appropriation		5 835	-
Receipts from grants and contributions		254	250
Fees and charges		186	328
Investment and interest received		64	6
SA Government grants, subsidies and transfers		450	6 238
GST recovered from the ATO		1 988	1 641
Other receipts		84	189
Cash generated from operations		43 391	31 332
Cash outflows			
Employee benefits payments		(10 937)	(12 904)
Payments for supplies and services		(27 501)	(14 014)
Payments of grants and subsidies		(207)	(92)
Interest paid		(20)	(19)
Cash used in operations		(38 665)	(27 029)
Net cash provided by operating activities	8.2	4 726	4 303
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		1 000	102
Cash generated from investing activities		1 000	102
Cash outflows			
Purchase of property, plant and equipment		(5 778)	(3 824)
Purchase of investments		(172)	(10)
Cash used in investing activities		(5 950)	(3 834)
Net cash used in investing activities		(4 950)	(3 732)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(175)	(164)
Cash used in financing activities		(175)	(164)
Net cash used in financing activities		(175)	(164)
Net increase in cash and cash equivalents		(399)	407
Cash and cash equivalents at the beginning of the period		2 653	2 246
Cash and cash equivalents at the end of the period	6.1	2 254	2 653

The accompanying notes form part of these financial statements.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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South Australian State Emergency Service

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1. About the South Australian State Emergency Service

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

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

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

1.1. Basis of preparation

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

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

No Australian Accounting Standards have been early adopted 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). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

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

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

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

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

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

1.2. Trust funds

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.3. Objectives and programs

Objectives

The SES is predominantly volunteer based with the following objectives:

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

Funding arrangements

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

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

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

Programs

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

These services are predominantly provided by volunteers.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.4. Budget performance

The budget performance table compares the SES 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
Statement of Comprehensive Income				
Income				
Contributions from the Community Emergency Services Fund				
	a	25 129	34 530	9 401
Appropriation	b	1 000	5 835	4 835
Fees and charges		-	163	163
SA Government grants, subsidies and transfers		-	451	451
Investment and interest revenues		-	64	64
Net gain from the disposal of property, plant and equipment		(139)	-	139
Other income		102	88	(14)
Total income		26 092	41 385	15 293
Expenses				
Employee benefits	c	8 704	10 708	2 004
Supplies and services	d	9 782	24 964	15 182
Grants and subsidies		95	207	112
Depreciation and amortisation		3 094	3 465	371
Net loss from disposal of non-current assets		-	793	793
Payments to state government		630	-	(630)
Intra-government transfers		8	-	(8)
Borrowing costs		16	20	4
Other expenses		214	27	(187)
Total expenses		22 543	40 184	17 641
Net result		3 549	1 201	(2 348)
Total comprehensive result		3 549	1 485	(2 064)

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.

- Due to additional funding provided to SES for the River Murray high flow event that occurred in the 2022-23 financial year.
- Variance mainly attributable to Governor's Appropriation Funding received from the Department of Treasury (DTF) to assist with the River Murray high-flow event.
- Principally due to salaries and wages attributed to the River Murray high flow event and other SES major incidents.
- Principally due to various costs attributed to the River Murray high flow event and other SES major incidents.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

	Note	Original budget	Actual	Variance
		2023	2023	
		\$'000	\$'000	\$'000
Investing expenditure summary				
Total existing projects	e	1 000	100	900
Total Annual Programs		5 862	6 321	(459)
Total Leases		179	197	(18)
Total investing expenditure		7 041	6 618	423

(e) Due to preconstruction delays in the Willaston build. A carryover of \$850k was approved by DTF in May 2023.

1.5. Significant transactions with government entities

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

The following transactions were significant for the SES:

- Contributions from the Fund (refer to note 2.1).
- Appropriation received from DTF of \$4.835 million for assistance with the River Murray high flow event.
- Payment to the Attorney-General's Department for the government radio network of \$3.3 million (refer note 4.1).

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2. Income

2.1. Contributions from the Community Emergency Services Fund

Contributions from The Fund \$34.530 million (2022: \$22.680 million) are recognised as revenues when the SES obtains control over the funding. Control over contributions is normally obtained upon receipt.

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

2.2. Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 000	-
Appropriations from Governor's Appropriation Fund	4 835	-
Total appropriation	5 835	-

Appropriation is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$4.835 million for operational funding and \$1 million for capital projects.

2.3. Fees and charges

Revenue from fees and charges \$163 000 (2022: \$326 000) is for incident cost recoveries which are from contracts with customers and are recognised in arrears.

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

2.4. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
COVID 19 Support - SAPOL	439	2 402
Contingency funding provided by the Department of Treasury and Finance	-	1 527
Intra government transfers	12	1 109
COVID 19 Support - Health SA	-	317
Capital Program	-	303
Total SA Government grants subsidies and transfers	451	5 658

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

Capital Program funding from the Department of Treasury and Finance (DTF) is for accelerated unit upgrades, vehicle replacements and purchase of land.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2.5. Grants and contributions

Grants and Contributions of \$254 000 (2022: \$250 000) are recognised as an asset and income when the SES obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met, this is generally on receipt.

The grant was received from NRMA Insurance to support joint storm preparedness programs and grassroots community engagement activities.

2.6. Investment and interest revenues

	2023	2022
	\$'000	\$'000
Dividend Income	6	6
Interest on deposit accounts	58	-
Total interest revenues	64	6

2.7. Other income

	2023	2022
	\$'000	\$'000
Donations	31	6
Insurance recoveries	22	2
Salary recoveries	17	45
Sundry revenues	3	41
Other	15	12
Total other income	88	106

Other income is recognised upon receipt.

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Board, committees and employees

3.1. Key management personnel

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

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

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	604	550
Post-employment benefits	62	56
Total compensation	666	606

Transactions with key management personnel and other related parties

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

3.2. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	8 564	9 708
Workers compensation	490	312
Employment on-costs - superannuation	930	991
Annual leave	695	869
Long service leave	122	(88)
Payroll tax	511	573
Skills and experience retention leave	35	34
Targeted voluntary separation payments	-	69
Additional compensation	(684)	(59)
Other employment related expenses	45	64
Total employee benefits expenses	10 708	12 473

Employment expenses

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

The SES's staff are employed under Part 5 of the Act.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.2. Employee benefits expenses (continued)

Employee remuneration

	Employees	
	2023	2022
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$157 001 to \$160 000 *	-	2
\$160 001 to \$180 000	5	2
\$180 001 to \$200 000	1	1
\$280 001 to \$300 000	-	1
\$300 001 to \$320 000	1	-
Total	7	6

*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 \$1.336 million (2022: \$1.134 million).

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

Targeted voluntary separation packages (TVSP)

The number of employees who received a TVSP during the reporting period was nil (2021-22: 2).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme payments	-	69
Leave paid to those employees	-	44
Net cost to the TVSP's	-	113

In 2021-22 TVSPs included payments made under the Public Sector Workforce Rejuvenation Scheme.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.3. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	1 369	1 281
Skills and experience retention leave	52	48
Long service leave	158	157
Total current employee benefits	1 579	1 486
Non-current		
Long service leave	1 287	1 298
Total non-current employee benefits	1 287	1 298
Total employee benefits	2 866	2 784

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

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

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

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

Long service leave

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

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

The actuarial assessment performed by 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 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 \$29 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF 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.

South Australian State Emergency Service
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For the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Government radio network	3 304	3 223
Aerial support costs	619	6
Short term leases	80	180
Accommodation	1 832	1 587
Operational costs	5 823	1 300
Postage and freight	4 213	55
Vehicle	1 023	1 029
Travel and training	1 672	912
Property costs	942	897
Computing costs	1 040	1 178
Communication	388	333
Consultancy, contractors and legal fees	2 502	1 000
Uniforms and protective clothing	605	363
Insurance premiums	130	109
Other expenses	791	694
Total supplies and services	24 964	12 866

Accommodation

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

Other Expenses

Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$59 700 (2022: \$31 000). No other services were provided by the Auditor-General's Department.

Leases

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

	No.	2023	No.	2022
		\$'000		\$'000
Below \$10 000	2	17	1	8
Above \$10 000	1	16	1	13
Total paid / payable to the consultants	3	33	2	21

South Australian State Emergency Service
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4.2. Net gain / (loss) from disposal of non-current assets

	2023	2022
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	-
Costs of disposal	(59)	(17)
Less net book value of assets disposed	(114)	(14)
Net gain / (loss) from disposal of land and buildings	(173)	(31)
Vehicles		
Proceeds from disposal	297	119
Less net book value of assets disposed	(117)	(36)
Net gain from disposal of vehicles	180	83
Assets held for sale		
Proceeds from disposal	692	-
Less net book value of assets disposed	(508)	-
Net gain from disposal of assets held for sale	184	-
Plant and equipment		
Proceeds from disposal	11	-
Less net book value of assets disposed	(995)	-
Net gain from disposal of plant and equipment	(984)	-
Total assets:		
Proceeds from disposal of non-current assets	1 000	119
Costs of disposal	(59)	(17)
Less net book value of assets disposed	(1 734)	(50)
Net gain from disposal of non-current assets	(793)	52

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.

South Australian State Emergency Service
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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	Surplus land and buildings \$'000	Vehicles \$'000	Plant & equipment ROU \$'000	Buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	5 836	20 331	-	15 415	4 435	855	46 872
Prior period adjustments	-	-	-	(44)	-	-	(44)
Restated carrying amount at the beginning of the period	5 836	20 331	-	15 371	4 435	855	46 828
Acquisitions	-	-	-	50	-	197	247
Transfers from capital WIP (Refer to note 5.5)	275	2 990	-	2 866	606	-	6 737
Transfers between asset classes	(350)	(34)	384	-	-	-	-
Revaluation increment	-	-	272	-	-	-	272
Disposals	(9)	(105)	-	(117)	(995)	-	(1 226)
Remeasurement	-	-	-	-	-	42	42
Transfer out to held for sale	-	-	(656)	-	-	-	(656)
Subtotal:	5 752	23 182	-	18 170	4 046	1 094	52 244
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(1 063)	-	(1 269)	(914)	(177)	(3 423)
Subtotal:	-	(1 063)	-	(1 269)	(914)	(177)	(3 423)
Carrying amount at the end of the period	5 752	22 119	-	16 901	3 132	917	48 821
Gross carrying amount							
Gross carrying amount	5 752	25 644	-	21 274	4 962	1 523	59 155
Accumulated depreciation	-	(3 525)	-	(4 373)	(1 830)	(606)	(10 334)
Carrying amount at the end of the period	5 752	22 119	-	16 901	3 132	917	48 821

* All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$320 000 and land and building held for sale at \$656 000. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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5.1 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment during 2021-22

	Land \$'000	Buildings \$'000	Surplus land and buildings \$'000	Vehicles \$'000	Plant & equipment ROU \$'000	Buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	5 262	21 253	-	14 447	4 907	953	46 822
Transfers from capital WIP (Refer to note 5.5)	724	286	-	2 196	427	-	3 633
Transfers between asset classes	(150)	(182)	332	-	-	-	-
Revaluation increment/(decrement)	-	-	177	-	-	-	177
Disposals	-	(14)	-	(36)	-	-	(50)
Remeasurement	-	-	-	-	-	66	66
Transfer out of held for sale	-	-	(509)	-	-	-	(509)
Subtotal:	5 836	21 343	-	16 607	5 334	1 019	50 139
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(1 012)	-	(1 192)	(899)	(164)	(3 267)
Subtotal:	-	(1 012)	-	(1 192)	(899)	(164)	(3 267)
Carrying amount at the end of the period	5 836	20 331	-	15 415	4 435	855	46 872
Gross carrying amount							
Gross carrying amount	5 836	22 875	-	18 527	6 753	1 323	55 314
Accumulated depreciation	-	(2 544)	-	(3 112)	(2 318)	(468)	(8 442)
Carrying amount at the end of the period	5 836	20 331	-	15 415	4 435	855	46 872

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

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

Depreciation

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

Useful life

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

Class of asset	Useful life (years)
Buildings	1-40
Vehicles	1-30
Plant and equipment	1-20
ROU Buildings	3-11

Review of Accounting Estimates

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

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5.2. Property, plant and equipment owned by the SES

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

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

Impairment

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

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

5.3. Property, plant and equipment leased by the SES

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

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

The SES has 3 commercial leases for buildings which are used for the purpose of SES operational and administrative activities.

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

South Australian State Emergency Service
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5.4. Intangible assets

Computer software	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	<u>113</u>	<u>155</u>
Subtotal:	<u>113</u>	<u>155</u>
Gains/(losses) for the period recognised in net result:		
Amortisation	<u>(42)</u>	<u>(42)</u>
Subtotal:	<u>(42)</u>	<u>(42)</u>
Carrying amount at the end of the period	<u>71</u>	<u>113</u>
Gross carrying amount		
Gross carrying amount	209	209
Accumulated amortisation	<u>(138)</u>	<u>(96)</u>
Carrying amount at the end of the period	<u>71</u>	<u>113</u>

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

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

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

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

5.5. Capital works in progress

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	<u>6 786</u>	<u>5 412</u>
Acquisitions	6 371	5 019
Transfers to property, plant and equipment	(6 737)	(3 633)
CWIP write off	-	(12)
Carrying amount at the end of the period	<u>6 420</u>	<u>6 786</u>

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 to note 5.1) or intangible assets (refer to note 5.4) and are valued at cost.

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6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)	1 195	1 425
Cash at bank - Units	886	856
Short-term deposits - Units	36	264
Short-term deposits	137	108
Total cash and cash equivalents	2 254	2 653

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. 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 - Units

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

Short term deposits

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

6.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Receivables	92	39
Prepayments	231	307
Accrued revenues	32	92
GST input tax recoverable	516	408
Total current receivables	871	846
Total receivables	871	846

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

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

Refer to note 10.2 for further information on risk management.

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6.3. Other financial assets

	2023	2022
	\$'000	\$'000
Medium term deposits - Units	235	63
<i>Investments classified as fair value through other comprehensive income:</i>		
Listed equity instruments	110	98
Total other financial assets	345	161

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

The equity instruments are carried at fair value.

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

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

For further information on risk management refer to note 10.2.

6.4. Non-current assets classified as held for sale

	2023	2022
	\$'000	\$'000
Land	548	221
Building	108	288
Total non-current assets classified as held for sale	656	509

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

The SES has measured the land and buildings held for sale at fair value less costs to sell.

The property at Strathalbyn comprises land and buildings that previously housed an SES Unit that was relocated to a new building in Strathalbyn. The property was deemed surplus to requirements and was referred to RenewalSA for sale.

South Australian State Emergency Service
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7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Creditors	218	77
Accrued expenses	2 684	2 512
Employment on-costs	307	291
Total current payables	3 209	2 880
Non-current		
Employment on-costs	128	125
Total non-current payables	128	125
Total payables	3 337	3 005

Payables are measured at nominal amounts.

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

Employment on-costs

Employment on-costs include payroll tax, ReturntoWorkSA levies and superannuation contributions and are settled when the respective employee benefit that they relate to are 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 SES contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due not yet paid to State Government and externally managed superannuation schemes.

As a result of an actuarial assessment performed by 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 SES measures financial liabilities at amortised cost. Lease liabilities have been measured via discounting future lease payments using either the interest rate implicit in the lease or DTF's incremental borrowing rate, \$0.934 million (2022: \$0.871 million). There were no defaults or breaches throughout the year.

Interest expense paid on lease liabilities during 2022-23 was \$20 000 (2022: \$19 000). SES does not capitalise borrowing costs.

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

	2023	2022
	\$'000	\$'000
Lease liabilities		
within 1 year	184	141
1 to 5 years	628	501
More than 5 years	176	292
Total lease liabilities (undiscounted)	988	934

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

7.3. Provisions

	2023	2022
	\$'000	\$'000
Current		
Provision for workers compensation	233	201
Additional compensation	20	61
Total current provisions	253	262
Non-current		
Provision for workers compensation	1 016	785
Additional compensation	855	1 497
Total non-current provisions	1 871	2 282
Total provisions	2 124	2 544
Movement in provisions	2023	2022
	\$'000	\$'000
Workers compensation:		
Carrying amount at the beginning of the period	986	862
Changes from remeasurement	468	312
Reductions arising from payments	(204)	(188)
Carrying amount at the end of the period	1 250	986
Additional compensation:		
Carrying amount at the beginning of the period	1 558	1 618
Changes from remeasurement	(670)	(23)
Reductions arising from payments	(14)	(37)
Carrying amount at the end of the period	874	1 558

South Australian State Emergency Service
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7.3. Provisions (continued)

Workers Compensation provision (statutory and additional compensation schemes)

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 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 nonserious 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.

Investment market value reserve

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

Asset revaluation reserve

Previous SES Unit at Strathalbyn was identified as surplus to requirements and subsequently referred to RenewalSA for sale. Prior to recognition as an asset held for sale, a valuation was completed resulting in a revaluation increment of \$272 000.

8.2 Cash flow

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	2 254	2 653
Balance as per the Statement of Cash Flows	2 254	2 653
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	4 726	4 303
Add / (less) non-cash items		
Depreciation and amortisation	(3 465)	(3 309)
Net gain/(loss) from disposal of non-current assets	(734)	52
CWIP write off	-	(12)
Capital accruals	643	1 195
Movement in assets and liabilities		
Increase/(decrease) in receivables	25	(615)
(Increase)/decrease in payables	(332)	(1 693)
(Increase)/decrease in employee benefits	(82)	450
(Increase)/decrease in provisions	420	(64)
Net result	1 201	307

Total cash outflows for leases for the SES was \$275 000 (2022: \$363 000).

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9. Outlook

9.1. Unrecognised contractual commitments

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

Contractual commitments to acquire property, plant & 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	25	409
Later than one year but not later than five years	-	141
Total capital commitments	25	550

The SES's capital commitments are for building, vessel 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
Within one year	1 896	1 906
Later than one year but not later than five years	4 912	5 414
Later than five years	11 547	12 807
Total expenditure commitments	18 355	20 127

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

Major expenditure commitments include MOAAs with DIT for accommodation.

9.2. Contingent assets and liabilities

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

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

9.3. Impact of standards not yet effective

The SES 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 SES statements.

9.4. Events after the reporting period

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

South Australian State Emergency Service
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10. Measurement and risk

10.1. Fair value

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

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

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

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

Fair value hierarchy

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

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

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

Land and Buildings

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

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10.2. Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to notes 1.3 and 2.1 for further information.

Credit risk

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

Impairment of financial assets

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

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

Cash

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

Market risk

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

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

Categorisation of financial instruments

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

Classification of financial instruments

The SES measures all financial instruments at amortised cost excluding lease liabilities which are measured at the present value of expected future cash payments. All financial assets and liabilities carrying amount equals their fair value as at 30 June 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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
For the year ended 30 June 2023

10.3. Trust funds

	2023	2022
	\$'000	\$'000
Cash at bank	249	221
Receivables	21	21
Total trust funds	270	242

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. The SES will administer these funds until they are fully expended. In 2022-23, total income earned by the Council was \$27 300 (2022: \$21 300) and expenses incurred were nil (2022: nil).