



**Government
of South Australia**



RESCUE

SA State Emergency Service 2016-17 Annual Report

SA State Emergency Service

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Date presented to SAFECOM
Board: 5 October 2017

To:
SAFECOM Board

This annual report is presented to the Board to meet the statutory reporting requirements of *the Fire & Emergency Services Act 2005* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the SA State Emergency Service by:

Chris Beattie

Chief Officer



5 October 2017

Signature

Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

A reliable and trusted volunteer-based organisation building safe and resilient communities; minimising loss of life, injuries and damage from emergencies and natural disasters by:

- Responding to floods and storms
- Undertaking rescue activities including road crash, vertical rescue, land search, swift water rescue, marine search and rescue, confined space rescue, structural collapse, and animal rescue
- Assisting police, health and other emergency services in dealing with any emergency (incl. aerial observation, evidence search, and operational / logistics support including lighting, shelter, bushfire response staging area management)
- Undertaking community education
- Contributing to zone and state-wide emergency management activities

Objectives

- Supporting resilient communities through risk reduction
- Providing trusted response
- The source of credible and timely information
- Effective governance and resource management
- Informed by research, data and lessons learned

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Deliver education and engagement programs to the community re being prepared for extreme weather and flooding	Goal: We are prepared for natural disasters Goal: We are safe and protected at work and on the roads – T22 Road safety
Enhance incident management capabilities and capacity	Goal: We are prepared for natural disasters
Develop new training framework that builds on achievements of the Framework 2012-15 to ensure relevant training is delivered to staff and volunteers	Goal: We are prepared for natural disasters Goal: We value and support our volunteers and carers – T24 Volunteering

Key strategy	SA Government objective
Develop and implement an integrated flood intelligence and information management and warning system	Goal: We are prepared for natural disasters Goal: We are innovative in designs and technologies and we use our intellectual property to advance our state
Further develop the SES Incident Information Management System to deliver information and intelligence to local government and partner agencies	Goal: We are prepared for natural disasters Goal: We are innovative in designs and technologies and we use our intellectual property to advance our state
Utilising a staged approach, commence the transition of Volunteer Marine Rescue capabilities into SES, including delivery of relevant training	Goal: We are prepared for natural disasters Goal: We value and support our volunteers and carers – T24 Volunteering

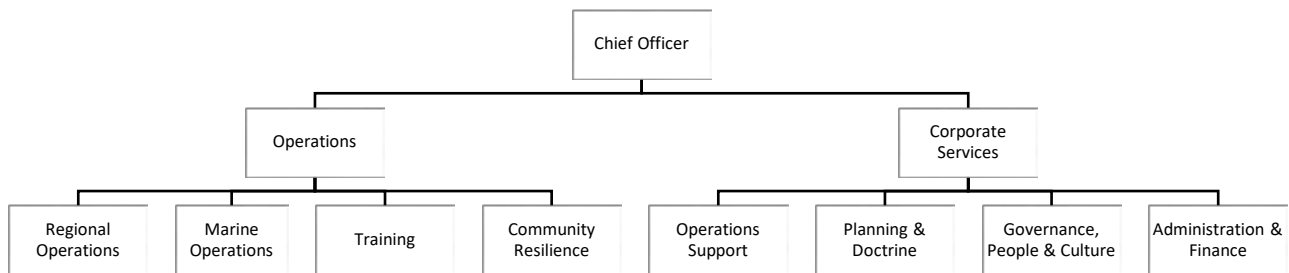
Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
State Emergency Service	Average response time to road crash rescues (in minutes) <i>Target 10 minutes - Result 10 minutes</i>	Responses times to potentially life threatening events in regional areas are short and in line with target
State Emergency Service	Cost of injury management <i>Result 54% of 2015/16 cost</i>	The financial cost of injury management for SES staff and volunteers is well managed.
State Emergency Service	No. of state and regional training courses conducted <i>Target 255 – Result 297</i>	SA public can be confident that SES volunteers are highly competent to undertake emergency services

Legislation administered by the agency

NIL

Organisation of the agency



Other agencies related to this agency (within the Minister's area/s of responsibility)

Metropolitan Fire Service

Country Fire Service

SA Fire and Emergency Services Commission (SAFECOM)

Employment opportunity programs

NIL

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Individual Performance Management and Development (IPMD) – six-monthly one-on-one meetings between supervisors and team members to discuss performance and any development needs	Effectiveness not assessed in this reporting period

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
Mental Health First Aid	A program to recruit, train and support key individuals to develop customised resources and deliver training on Mental Health First Aid to staff and volunteers across the state. Aim is for early identification of mental health issues for more effective intervention.
Employee Assistance Program (incl Stress Prevention and Management Program)	Increased usage when compared to the last seven years due to improved communication and promotion (supports our early intervention strategy)
Staff Welfare Checks	Provision of regular confidential face to face counselling of employees to support early intervention. 70% of workforce engaged
Flu Vaccination Program	70% of workforce voluntarily participated
Workstation Ergonomics Program	All new staff have completed. Any adjustments identified are actioned promptly with no injury claims arising

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	0

Strategies implemented to control and prevent fraud

- Fraud, corruption, misconduct and maladministration policy, procedure and control plan in place.
- Financial and human resource policies and procedures
- A sector Audit and Risk Committee reporting to the SAFECOM Board
- Regular financial monitoring and reporting
- An SES internal audit program

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993*

NIL

Executive employment in the agency

Executive classification	Number of executives
EX-A	1
EX-B	1

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	Advice regarding the replacement of the PABX system	
Consultancies above \$10,000 each		
Rhumb Consulting	Operational facility study	
AJL Solution	Coordinate a severe weather debrief	
Total all consultancies		\$52 414

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

Statement of financial position

	2016-17 \$'000	2015-16 \$'000	Variance \$'000
Current assets	2 511	2 967	(456)
Non-current assets	39 554	37 786	1 768
Total assets	42 065	40 753	1 312
Current liabilities	(2 218)	(2 533)	315
Non-current liabilities	(1 473)	(1 258)	(215)
Total liabilities	(3 691)	(3 791)	100
Net assets	38 374	36 962	1 412
Equity	38 374	36 962	1 412

Statement of comprehensive income

The following table presents a summary of the SES's actual results compared with the original budget for the 2016-17 financial year. The full suite of audited financial statements for 2016-17 is presented later in this report.

	Original Budget 2016-17 \$'000	Actuals 2016-17 \$'000	Variance \$'000
Expenses	15 953	18 908	2 955
Income	111	288	177
Net Cost of providing services	15 842	18 620	2 778
Revenue from SA government	18 109	20 032	1 923
Total comprehensive result	2 267	1 412	(855)

	Original Budget 2016-17 \$'000	Actuals 2016-17 \$'000	Variance \$'000
Investing expenditure summary			
Total annual program	4 231	3 994	(237)
Total investing expenditure	4 231	3 994	(237)

Supplies and services expenditure was higher than budgeted due to costs incurred in responding to extreme weather events during 2016-17 and for the tyre replacement program which was offset by savings in investment expenditure.

Revenues from SA government were higher than budget due to additional funding received to cover costs relating to the extreme weather events.

Other financial information

NIL

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

NIL

Section B: Reporting required under any other act or regulation

Name and date of act or regulation
<i>Fire and Emergency Services Act 2005</i>
Part 5, Division 6, s121 (1) & (2)
<p>(1) SASES must, on or before 30 September in each year, deliver to the Commission a report on activities of SASES during the preceding financial year (and need not provide a report under the <i>Public Sector Act 2009</i>).</p> <p>(2) The report must –</p> <ul style="list-style-type: none"> (a) Include the audited statements of account required under this Division; and (b) Include any other information that would be required if SASES were reporting under the Public Sector Act 2009; and (c) Comply with any other requirements prescribed by or under this Act or the regulations.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

NOT APPLICABLE

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by SASES head office	
Category of complaints by subject	Number of instances
NOT AVAILABLE	

SASES intends to implement a “customer relationship management system” during 2017-2018. Such a system would assist in managing both internal and external customer enquiries and provide details of complaints and the action taken in response.

Appendix: Audited financial statements 2016-17

If calling please ask for:
Silvana Di Ciocco

Telephone:
8463 4439

Our Reference: **A707258**

Your Reference: **A17/367**

**State
Emergency
Service**

State Headquarters

Level 8,
60 Waymouth Street
Adelaide SA 5000
GPO Box 2706
Adelaide SA 5001
Tel 08 8463 4171
Fax 08 8410 3115

15 September 2017

Mr I McGlen
Assistant Auditor-General
(Policy, Planning and Standards)
Auditor-General's Department
Level 9, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Mr McGlen

Re: Provision of Final Audited Financial Statements for 2016-17

I refer to the Auditor-General's correspondence dated 13 June 2017 seeking certified final audited financial statements by 15 September 2017.

Please find attached the certified final audited 2016-17 financial statements for the South Australian State Emergency Service (SES) for the year ended 30 June 2017.

Questions regarding the financial statements can be directed to Ms Silvana Di Ciocco, Business Manager SES on 8463 4439.

Yours sincerely



Dermot Barry
Deputy Chief Officer

per **Chris Beattie**
Chief Officer
South Australian State Emergency Service

September 2017



If calling please ask for:
Silvana Di Ciocco

Telephone:
8463 4439

Reference:
A707259

Your Reference:
A17/367

15 September 2017

State Headquarters

Mr Jake Fitzpatrick
Principal Audit Manager
Auditor-General's Department
9th Floor, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Level 8,
60 Waymouth Street
Adelaide SA 5000
GPO Box 2706
Adelaide SA 5001
Tel 08 8463 4171
Fax 08 8410 3115

Dear Mr Fitzpatrick,

Management representation letter

South Australian State Emergency Service financial statements for the year ended 30 June 2017

We make the following representation, for your audit of the financial statements of the South Australian State Emergency Service for the year ended 30 June 2017, having made such enquiries as we considered necessary for appropriately informing ourselves and according to the best of our knowledge and belief.

1. We have fulfilled our responsibility as set out in the terms of the engagement letter dated 3 May 2017 for the preparation of financial statements that give a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards.
2. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit

- (c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and
 - (d) information regarding all legal issues and legal opinions which have the capacity to be relevant to the control environment and the fair presentation of the financial statements.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 4. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error. We have established and maintained an effective internal control structure to facilitate the preparation of reliable financial statements, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
 5. We have disclosed to you all information about
 - fraud or suspected fraud involving:
 - i. management
 - ii. employees who have significant roles in internal control
 - iii. others where the fraud could have a material effect on the financial statements
 - allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.
 6. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 7. We have disclosed to you all known or suspected instances of non-compliance with laws, regulations, contracts or agreements, the effects of which should be considered when preparing the financial statements.
 8. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in line with the financial reporting framework.
 9. We believe the significant assumptions used in making accounting estimates (including estimates relating to fair value) are reasonable.
 10. All events occurring subsequent to the date of the financial statements and for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

11. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial statements, except as disclosed in the financial statements.

12. **Non-current assets**

- (a) The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (b) Depreciation on assets has been allocated on a systematic basis over the estimated useful lives of assets. Useful lives and residual values of the assets were reviewed during the reporting period and adjusted where necessary. Any resulting changes were accounted for as a change in accounting estimate.
- (c) We have considered the requirements of accounting standards when assessing whether there are indicators of impairment of assets, and in ensuring that no assets are stated in excess of their recoverable amount.
- (d) We consider the measurement methods (including related assumptions) used to determine the value of assets to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

13. **Liabilities**

- (a) We have recognised all liabilities in the financial statements.
- (b) We consider the measurement methods (including related assumptions) used to determine the value of liabilities to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

14. **Contingent liabilities**

All material contingent liabilities have been completely and adequately disclosed in the financial statements.

15. **Commitments**

We have disclosed all material commitments in the financial statements.

16. Related party transactions

- (a) We have disclosed to you the identity of all related parties and related party relationships and transactions of which we are aware.
- (b) We have appropriately accounted for and disclosed such relationships and transactions in line with the requirements of the financial reporting framework.

17. Uncorrected misstatements

We have reviewed the attached summary of uncorrected misstatements and believe the effects of those uncorrected misstatements aggregated by you during the audit, are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

18. Publication on a website

With respect to the publication of the audited financial report on our website, we acknowledge that:

- (a) We are responsible for the electronic publication of the audited financial report.
- (b) We will ensure that the electronic version of the audited financial report and the auditor's report on the website are identical to the final signed hard copy version.
- (c) We will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation.
- (d) We have assessed the controls over the security and integrity of the data on the website and that adequate procedures are in place to ensure the integrity of the information published.
- (e) We will not present the auditor's report on the full financial report with extracts only of the full financial report.

Yours sincerely



.....
Dermot Barry
Deputy Chief Officer

per Chris Beattie
Chief Officer

Date: 15 September 2017



.....
Silvana Di Ciocco
Business Manager, SES

Date: 15 September 2017

Summary of uncorrected misstatements

Total net misstatements		Current period	Prior period
(Overstatement)/(Understatement) of net result			
Overstatement/(Understatement) of net assets			

Uncorrected Misstatements for the current period

Item	Financial Statement line(s) affected	Explanation	Statement of Financial Position				Statement of Comprehensive Income	
			Assets \$	Liabilities \$	Retained earnings beg of year \$	Other Equity \$	Income \$	Expenses \$
			Overstated (Understated)	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	Overstated (Understated)
	Total							

Uncorrected Misstatements for the prior (comparative) period

Item	Financial Statement line(s) affected	Explanation	Statement of Financial Position					Statement of Comprehensive Income	
			Assets \$	Liabilities \$	Retained earnings beg of year \$	Other Equity \$	Income \$	Expenses \$	
1			Overstated (Understated)	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	Overstated (Understated)	
	Cash	Misclassification of financial assets as cash	(42 000)						
	Other Financial Assets		42 000						
	Total		0						

Amounts deemed to be clearly trivial have not been included above.

Uncorrected Disclosure deficiencies

Item	Disclosure	Description	Amount (if can be defined)
	Nil		

South Australian State Emergency Service

Financial Statements

For the year ended 30 June 2017

South Australian State Emergency Service Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian State Emergency Service:

- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australian State Emergency Service; and
- present a true and fair view of the financial position of the South Australian State Emergency Service as at 30 June 2017 and the results of its operations and cash flows for the financial year.

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



Dermot Barry
Deputy Chief Officer

per. Chris Beattie
Chief Officer
South Australian State Emergency Service
September 2017



Silvana Di Ciocco
Business Manager
South Australian State Emergency Service
15 September 2017

South Australian State Emergency Service
Statement of Comprehensive Income
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Expenses			
Employee benefits	5	6 880	5 377
Supplies and services	6	9 827	7 818
Grants and subsidies		92	242
Depreciation and amortisation	7	2 109	1 992
Total expenses		18 908	15 429
Income			
Grants and contributions	9	114	163
Interest revenues	10	14	32
Other	11	151	147
Net gain (loss) from disposal of non-current assets	8	9	(79)
Total income		288	263
Net cost of providing services		18 620	15 166
Revenues from SA Government			
Revenues from SA Government	12	20 032	16 351
Total revenues from SA Government		20 032	16 351
Net result		1 412	1 185
Total comprehensive result		1 412	1 185

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

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

South Australian State Emergency Service
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	13	1 800	2 170
Receivables	14	324	406
Other financial assets	15	387	391
Total current assets		2 511	2 967
Non-current assets			
Property, plant and equipment	16	39 554	37 786
Total non-current assets		39 554	37 786
Total assets		42 065	40 753
Current liabilities			
Payables	18	1 273	1 776
Employee benefits	19	793	624
Provisions	20	152	133
Total current liabilities		2 218	2 533
Non-current liabilities			
Payables	18	105	90
Employee benefits	19	1 153	972
Provisions	20	215	196
Total non-current liabilities		1 473	1 258
Total liabilities		3 691	3 791
Net assets		38 374	36 962
Equity			
Asset revaluation surplus	21	5 152	5 152
Retained earnings	21	33 222	31 810
Total equity		38 374	36 962

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	24
Contingent assets and liabilities	25

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

South Australian State Emergency Service
Statement of Changes in Equity
for the year ended 30 June 2017

		Asset Revaluation Surplus	Retained Earnings	Total
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2015		5 152	30 625	35 777
Net result for 2015-16		-	1 185	1 185
Total comprehensive result for 2015-16		-	1 185	1 185
Balance at 30 June 2016	21	5 152	31 810	36 962
Net result for 2016-17		-	1 412	1 412
Total comprehensive result for 2016-17		-	1 412	1 412
Balance at 30 June 2017	21	5 152	33 222	38 374

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

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

South Australian State Emergency Service
Statement of Cash Flows
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(6 411)	(5 228)
Supplies and services payments		(11 839)	(8 553)
Grants and subsidies payments		(92)	(242)
Cash used in operations		(18 342)	(14 023)
Cash inflows			
Receipts from grants and contributions		114	163
Interest received		15	32
GST recovered from the Australian Taxation Office		1 511	859
Other receipts		164	249
Cash generated from operations		1 804	1 303
Cash flows from SA Government			
Contributions from Community Emergency Services Fund	12	19 971	16 290
Other receipts from SA Government	12	61	61
Cash generated from SA government		20 032	16 351
Net cash provided by operating activities	23	3 494	3 631
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(3 994)	(3 654)
Purchase of investment		4	(51)
Cash used in investing activities		(3 990)	(3 705)
Cash inflows			
Proceeds from the sale of property, plant and equipment		126	129
Cash generated from investing activities		126	129
Net cash used in investing activities		(3 864)	(3 576)
Net increase/(decrease) in cash and cash equivalents		(370)	55
Cash and cash equivalents at the beginning of the period		2 170	2 115
Cash and cash equivalents at the end of the period	13	1 800	2 170

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives and funding

Objectives

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

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

Funding arrangements

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

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

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

2 Significant accounting policies

(a) Statement of compliance

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

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SES's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. SES has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed
 - (b) expenses incurred as a result of engaging consultants
 - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

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

(c) Reporting entity

Under the Act, SES is a body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of SES.

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

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

(d) Trust funds

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

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

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

(e) Comparative information

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(f) Rounding

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

(g) Taxation

SES is not subject to income tax. SES is liable for payroll tax, fringe benefits tax (FBT) and goods and services tax (GST).

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

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

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

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

(h) Events after the reporting period

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

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

(i) Current and non-current classification

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(j) Non-current Assets

Acquisition and recognition

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

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

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

Depreciation and amortisation

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

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land is not depreciated.

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

Class of asset	Useful life (years)
Buildings	40
Vehicles	20
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

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

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

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

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

Impairment

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

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

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

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting period. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

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

Subsequent expenditure on intangible assets has not been capitalised. This is because SES has been unable to attribute this expenditure to the intangible asset rather than to SES as a whole.

Fair value measurement

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

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

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

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

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

Refer note 17 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(k) Liabilities

Employee benefits

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

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

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

Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the police and emergency services sector.

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

(l) Unrecognised contractual commitments and contingent assets and liabilities

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

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and revised accounting standards and policies

SES did not voluntarily change any of its accounting policies during 2016-17.

Accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SES for the period ending 30 June 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

3 New and revised accounting standards and policies (continued)

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

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

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

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

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

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

SES has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

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

4 Activities of South Australian State Emergency Service

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

5 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	4 881	3 945
Annual leave	527	407
Skills and experience retention leave	24	14
Long service leave	317	219
Employment on-costs - superannuation *	556	458
Payroll tax	290	225
Workers compensation	230	61
Other employment related expenses	55	48
Total employee benefits expenses	6 880	5 377

*The superannuation employment on-cost charge represents SES contributions to superannuation plans in respect of current services of current employees.

Remuneration of employees

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

	2017	2016
	Number	Number
\$145 000 – \$147 000*	N/A	1
\$147 001 – \$157 000	1	-
\$157 001 – \$167 000	2	2
\$167 001 – \$177 000	1	-
\$207 001 – \$217 000	1	1
\$247 001 – \$257 000	-	1
\$257 001 – \$267 000	1	-
Total	6	5

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.107 million (2016: \$0.9 million).

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

6 Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation	34	31
Auditor's remuneration	28	28
Communications	359	304
Computing costs	504	437
Consultancy, contractors and legal fees	904	366
Consumables	600	303
Energy	162	133
Government radio network	2 119	2 067
Insurance premiums	21	191
Minor plant and equipment	558	896
Operating lease costs	880	732
Operational costs	924	249
Repairs and maintenance	944	860
Travel and training	1 142	617
Uniforms and protective clothing	356	287
Other expenses	292	317
Total supplies and services	9 827	7 818

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

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

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the PFAA were \$28 000 (2016: \$28 000). No other services were provided by the Auditor-General's Department.

Consultants

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10 000	-	1	-	9
Above \$10 000	2	-	52	-
Total paid/payable to consultants engaged	2	1	52	9

7 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Buildings	730	701
Vehicles	750	689
Computers	212	196
Plant and equipment	166	172
Communications	251	234
Total depreciation and amortisation	2 109	1 992

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

8 Net gain (loss) from disposal of non-current assets

	2017 \$'000	2016 \$'000
Vehicles		
Proceeds from disposal	126	129
Less net book value of assets disposed	(117)	(208)
Net gain/(loss) from disposal of vehicles	<u>9</u>	<u>(79)</u>

Total assets

Total proceeds from disposal	126	129
Less total value of assets disposed	(117)	(208)
Total net gain/(loss) from disposal of non-current assets	<u>9</u>	<u>(79)</u>

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

9 Grants and contributions

	2017 \$'000	2016 \$'000
Commonwealth Government	-	18
State Government	114	145
Total grants and contributions	<u>114</u>	<u>163</u>

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

Generally, SES has obtained control or the right to receive:

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved: agreement/contract is executed: and/or the contribution is received.
- Contribution with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied: that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by SES have been contributions with conditional stipulations attached and have been recognised as income upon fulfilment of those stipulations.

Commonwealth Government grants and contributions consist of funding for National Emergency Management Projects.

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

10 Interest revenues

	2017 \$'000	2016 \$'000
Interest on deposit accounts	14	32
Total interest revenues	<u>14</u>	<u>32</u>

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

11 Other income

	2017	2016
	\$'000	\$'000
Donations	6	1
Unit fundraising	21	86
Other	124	60
Total other income	151	147

12 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	19 971	16 290
Other revenues from SA Government	61	61
Total revenues from SA Government	20 032	16 351

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

Revenues from SA Government consist of \$15.836 million (2016: \$12.758 million) for operational funding, \$4.181 million (2016: \$3.580million) for capital projects and \$0.015 million (2016: \$0.013 million) Volunteer Marine Rescue Council funding.

For details on the expenditure associated with the operational funding and capital funding refer notes 5 , 6 and 15 .

13 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	842	1 242
Cash on hand	1	1
Cash at bank	140	141
Cash at bank - Units	750	690
Short-term deposits - Units	13	49
Short-term deposits	54	47
Total cash and cash equivalents	1 800	2 170

Cash is measured at nominal amounts.

Deposits with the Treasurer

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

Short term deposits

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
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14 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	56	32
Accrued revenues	16	2
GST input tax recoverable	252	372
Total current receivables	324	406

Interest rate and credit risk

Receivables arise in the ordinary course of providing goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or when the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that SES will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

15 Other financial assets

	2017	2016
	\$'000	\$'000
Medium term deposits - Units	387	391
Total other financial assets	387	391

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

16 Property, plant and equipment

	2017 \$'000	2016 \$'000
Land		
At valuation	3 546	3 546
Total land	<u>3 546</u>	<u>3 546</u>
Buildings		
At valuation	15 770	15 770
At cost (deemed fair value)	5 445	2 727
Less accumulated depreciation	<u>(2 422)</u>	<u>(1 691)</u>
Total buildings	<u>18 793</u>	<u>16 806</u>
Vehicles		
At valuation	9 055	9 219
At cost (deemed fair value)	4 041	2 182
Less accumulated depreciation	<u>(2 294)</u>	<u>(1 591)</u>
Total vehicles	<u>10 802</u>	<u>9 810</u>
Communications (Comms.) equipment		
At valuation	1 089	1 089
At cost (deemed fair value)	813	813
Less accumulated depreciation	<u>(775)</u>	<u>(524)</u>
Total communications equipment	<u>1 127</u>	<u>1 378</u>
Computer equipment		
At valuation	2	2
At cost (deemed fair value)	1 059	1 059
Less accumulated depreciation	<u>(409)</u>	<u>(197)</u>
Total computer equipment	<u>652</u>	<u>864</u>
Plant and equipment		
At valuation	899	899
At cost (deemed fair value)	435	435
Less accumulated depreciation	<u>(550)</u>	<u>(384)</u>
Total plant and equipment	<u>784</u>	<u>950</u>
Capital work in progress		
At cost (deemed fair value)	<u>3 850</u>	<u>4 432</u>
Total capital work in progress	<u>3 850</u>	<u>4 432</u>
Total property, plant and equipment	<u><u>39 554</u></u>	<u><u>37 786</u></u>

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

16 Property, plant and equipment (continued)

Valuation of assets

As at 30 June 2017 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

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

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2017.

Reconciliation of property, plant and equipment

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

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

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment assets during 2015-16

2016	Land	Buildings	Vehicles	Comms. Equip	Computer Equip	Plant & equip	Work in progress	Total
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	3 546	17 506	10 540	1 414	978	1 122	1 228	36 334
Acquisitions	-	-	-	-	-	-	3 652	3 652
Transfers to/(from) capital WIP	-	1	167	198	82	-	(448)	-
Depreciation expense	-	(701)	(689)	(234)	(196)	(172)	-	(1 992)
Disposals	-	-	(208)	-	-	-	-	(208)
Carrying amount at the end of the period	3 546	16 806	9 810	1 378	864	950	4 432	37 786

South Australian State Emergency Service
Notes to and forming part of the financial statements
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17 Fair value measurement

Fair Value Hierarchy

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

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017.

SES had no valuations categorised into level 1.

Fair value measurements at 30 June 2017

	Level 2	Level 3	2017
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 16)	1 249	2 297	3 546
Buildings (note 16)	7 633	11 160	18 793
Vehicles (note 16)	-	10 802	10 802
Communication equipment (note 16)	-	1 127	1 127
Computer equipment (note 16)	-	652	652
Plant and equipment (note 16)	-	784	784
Total recurring fair value measurements	8 882	26 822	35 704

Fair value measurements at 30 June 2016

	Level 2	Level 3	2016
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 16)	1 249	2 297	3 546
Buildings (note 16)	5 127	11 679	16 806
Vehicles (note 16)	-	9 810	9 810
Communication equipment (note 16)	-	1 378	1 378
Computer equipment (note 16)	-	864	864
Plant and equipment (note 16)	-	950	950
Total recurring fair value measurements	6 376	26 978	33 354

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2017. SES's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

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

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 16. There were no changes in the valuation techniques during 2017.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2017

17 Fair value measurement (continued)

Reconciliation of Level 3 recurring fair value measurement at 30 June 2017

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. Equip \$'000	Computer Equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	2 297	11 679	9 810	1 378	864	950	26 978
Acquisitions	-	-	1 859	-	-	-	1 859
Depreciation	-	(519)	(750)	(251)	(212)	(166)	(1 898)
Disposals	-	-	(117)	-	-	-	(117)
Total losses recognised in net result	-	(519)	992	(251)	(212)	(166)	(156)
Carrying amount at the end of the period	2 297	11 160	10 802	1 127	652	784	26 822

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. Equip \$'000	Computer Equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	2 297	12 211	10 540	1 414	978	1 122	28 562
Acquisitions	-	-	167	198	82	-	447
Depreciation	-	(532)	(689)	(234)	(196)	(172)	(1 823)
Disposals	-	-	(208)	-	-	-	(208)
Total gains/(losses) recognised in net result	-	(532)	(730)	(36)	(114)	(172)	(1 584)
Carrying amount at the end of the period	2 297	11 679	9 810	1 378	864	950	26 978

18 Payables

	2017 \$'000	2016 \$'000
Current payables		
Creditors	831	1 322
Accrued expenses	301	345
Employment on-costs	141	109
Total current payables	1 273	1 776
Non-current payables		
Employment on-costs	105	90
Total non-current payables	105	90
Total payables	1 378	1 866

South Australian State Emergency Service
Notes to and forming part of the financial statements
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18 Payables (continued)

Employment on-costs

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken remains unchanged from 40%, and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2016 (10.2%) to 2017 (10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is decrease in the employment on-cost of \$0.001 million and employee benefit expense of \$0.001 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from date the invoice is first received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

19 Employee benefits

	2017 \$'000	2016 \$'000
Employee benefits current		
Accrued salaries and wages	107	81
Annual leave	603	486
Skills and experience retention leave	34	30
Long service leave	49	27
Total employee benefits current	793	624
Employee benefits non-current		
Long service leave	1 153	972
Total employee benefits non-current	1 153	972
Total employee benefits	1 946	1 596

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

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 2016 (2.0%) to 2017 (2.5%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$0.045 million and employee benefits expense of \$0.045 million. 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 the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.

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20 Provisions

	2017	2016
	\$'000	\$'000
Current liabilities		
Provision for workers compensation	152	133
Total current provisions	<u>152</u>	<u>133</u>
Non-current liabilities		
Provision for workers compensation	215	196
Total non-current provisions	<u>215</u>	<u>196</u>
Total provisions	<u><u>367</u></u>	<u><u>329</u></u>
Provision movement		
Carrying amount at the beginning of the period	329	521
Additional provisions recognised	231	61
Reductions arising from payments	(193)	(253)
Carrying amount at the end of the period	<u>367</u>	<u>329</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SES is responsible for the payment of workers compensation claims.

21 Equity

	2017	2016
	\$'000	\$'000
Retained earnings	33 222	31 810
Asset revaluation surplus	5 152	5 152
Total equity	<u><u>38 374</u></u>	<u><u>36 962</u></u>

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

22 Related party transactions

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

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

Significant transactions with government related entities

SES had no significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between SES and other SA Government entities are disclosed at note 27.

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22 Related party transactions (continued)

Key management personnel

Key management personnel of SES include the Minister, the members of the SAFECOM, the Chief Officer of SES and the one member of the Executive Team who have responsibility for the strategic direction and management of the agency.

The compensation detailed below excludes salaries and other benefits the Minister for Emergency Services 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 (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

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

Transactions with key management personal and other related parties

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

23 Cash flow reconciliation

	2017 \$'000	2016 \$'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	1 800	2 170
Balance as per the Statement of Cash Flows	1 800	2 170
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	3 494	3 631
Less revenues from SA Government	(20 032)	(16 351)
Add/(less) non-cash items		
Depreciation and amortisation	(2 109)	(1 992)
Net gain (loss) from disposal of non-current assets	9	(79)
Movements in assets and liabilities		
Increase/(decrease) in receivables	(82)	79
(Increase)/decrease in payables	488	(353)
(Increase)/decrease in employee benefits	(350)	(293)
Decrease/(increase) in provisions	(38)	192
Net cost of providing services	<u>(18 620)</u>	<u>(15 166)</u>

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24 Unrecognised contractual commitments

Operating lease commitments

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

	2017	2016
	\$'000	\$'000
Within one year	597	746
Later than one year but not later than five years	1 371	1 585
Later than five years	249	528
Total operating lease commitments	2 217	2 859

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

Capital commitments

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

	2017	2016
	\$'000	\$'000
Within one year	50	360
Total capital commitments	50	360

The capital commitments are for PABX system.

Expenditure commitments

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

	2017	2016
	\$'000	\$'000
Within one year	107	115
Later than one year but not later than five years	85	-
Total expenditure commitments	192	115

Contractual commitments relate to information technology contracts.

25 Contingent assets and liabilities

Contingent assets

SES has a contingent asset in the form of an unresolved litigation. However, the outcome cannot be reliably determined at this stage.

SES is not aware of any other contingent assets.

Contingent liabilities

SES is not aware of any contingent liabilities.

South Australian State Emergency Service
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26 Events at the end of the reporting period

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

27 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. SES has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed

	Note	SA Government		Non-SA Government		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
Employee benefits expenses	5	565	344	6 315	5 033	6 880	5 377
Supplies and services	6						
Accommodation		-	14	34	17	34	31
Auditor's remuneration		28	28	-	-	28	28
Communications		68	39	291	265	359	304
Computing costs		69	96	435	341	504	437
Consultancy, contractors and legal fees		313	75	591	291	904	366
Consumables		12	4	588	299	600	303
Energy		42	30	120	103	162	133
Government radio network		2 119	2 067	-	-	2 119	2 067
Insurance premiums		-	174	21	17	21	191
Minor plant and equipment		3	-	555	896	558	896
Operating lease costs		725	624	155	108	880	732
Operational costs		17	2	907	247	924	249
Repairs and maintenance		150	54	794	806	944	860
Travel and training		143	8	999	609	1 142	617
Uniforms and protective clothing		18	-	338	287	356	287
Other expenses		120	118	172	199	292	317
Grants and subsidies		-	-	92	242	92	242
Depreciation and amortisation expense	7	-	-	2 109	1 992	2 109	1 992
Total expenses		4 392	3 677	14 516	11 752	18 908	15 429

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27 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income							
Grants and contributions	9						
Commonwealth Government		-	-	-	18	-	18
State Government		114	145	-	-	114	145
Interest revenues	10	14	32	-	-	14	32
Other income	11						
Donations		-	-	6	1	6	1
Unit fundraising		-	-	21	86	21	86
Other		78	-	46	60	124	60
Net gain (loss) from disposal of non-current assets	8	-	-	9	(79)	9	(79)
Revenues from SA Government	12	20 032	16 351	-	-	20 032	16 351
Total income		20 238	16 528	82	86	20 320	16 614
Financial assets							
Cash and cash equivalents	13	843	1 243	957	927	1 800	2 170
Receivables	14						
Receivables		-	-	56	32	56	32
Accrued revenues		2	2	14	-	16	2
GST input tax recoverable		-	-	252	372	252	372
Other financial assets	15	-	-	387	391	387	391
Total financial assets		845	1 245	1 666	1 722	2 511	2 967
Financial liabilities							
Payables	18						
Accrued expenses		55	219	246	126	301	345
Creditors		75	320	756	1 002	831	1 322
Employment on-costs		123	98	123	101	246	199
Total financial liabilities		253	637	1 125	1 229	1 378	1 866

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28 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

		Original Budget ¹ 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits		6 247	6 880	633
Supplies and services	(a)	7 390	9 827	2 437
Grants and subsidies		-	92	92
Depreciation and amortisation		2 316	2 109	(207)
Total expenses		15 953	18 908	2 955
Income				
Grants and contributions		-	114	114
Interest revenues		23	14	(9)
Other		88	151	63
Net gain (loss) from disposal of non-current assets		-	9	9
Total income		111	288	177
Net cost of providing services		15 842	18 620	2,778
Revenues from / payments to SA government				
Revenues from SA government	(b)	18 109	20 032	1 923
Total revenues from / payments to SA Government		18 109	20 032	1,923
Total comprehensive result		2 267	1 412	(855)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2016-17 Budget Paper 4). These original budget amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets.

(a) Supplies and services were higher than budget due to costs incurred in responding to extreme weather events during 2016-17 and for the vehicle tyre replacement program which was offset by savings in investment expenditure.

(b) Revenues from SA government were higher than budget due to additional funding received to cover costs relating to the extreme weather events.

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28 Budget reporting and explanations of major variances between actual and budget amounts (continued)

		Original Budget ¹ 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total annual program		4 231	3 994	(237)
Total investing expenditure		4 231	3 994	(237)

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total investing expenditure.

29 Financial risk management/financial instruments

29 .1 Financial risk management

Risk management is managed by SES corporate services section and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

29 .2 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 note 2

Refer note 29.3 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables and payables measured at cost.

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

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2 ,14 and 18).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 15).

29 .3 Liquidity risk

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

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29 Financial risk management/financial instruments (continued)

Table 29 .3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2017 Carrying amount/Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2017						
Financial assets						
Cash and cash equivalents	13	1 800	1 800	-	-	-
Receivables ⁽¹⁾⁽²⁾	14	20	20	-	-	-
Other financial assets	15	387	387	-	-	-
Total financial assets		2 207	2 207	-	-	-
Financial liabilities						
Payables ⁽¹⁾	18	1 109	1 109	-	-	-
Total financial liabilities		1 109	1 109	-	-	-

			Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and cash equivalents	13	2 170	2 170	-	-	-
Receivables ⁽¹⁾⁽²⁾	14	19	19	-	-	-
Other financial assets	15	391	391	-	-	-
Total financial assets		2 580	2 580	-	-	-
Financial liabilities						
Payables ⁽¹⁾	18	1 627	1 627	-	-	-
Total financial liabilities		1 627	1 627	-	-	-

¹ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

² Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 14 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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29 Financial risk management/financial instruments (continued)

29 .4 Credit risk

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

29 .5 Market risk

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

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

30 Trust funds

	2017	2016
	\$'000	\$'000
Cash at bank	439	350
Total trust fund	439	350

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. SES will administer these funds until they are fully expended. In 2016-17, total income earned by the Council was \$0.080 million and expenses incurred totalled \$0.001 million.