

OFFICIAL



SOUTH AUSTRALIAN METROPOLITAN
FIRE SERVICE
2020-21 Annual Report

SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE

Level 4, 99 Wakefield Street, ADELAIDE, SA, 5000

www.mfs.sa.gov.au

Contact phone number: (08) 8204 3600

Contact email: enquiry@samfs.sa.gov.au

ISSN: 0812-4256

Date presented to SAFECOM Board: 29 September 2021

OFFICIAL

OFFICIAL

2020-21 ANNUAL REPORT for the South Australian Metropolitan Fire Service

To:

Hon Vincent Tarzia MP

Minister for Police, Emergency Services and Correctional Services

This annual report will be presented to Parliament to meet the statutory reporting requirements of *(insert relevant acts and regulations)* and 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 SOUTH AUSTRALIAN METROPOLITAN FIRE SERVICE
by:

Mr Michael Morgan

Chief Officer and Chief Executive

Date: 20 / 09 / 2021

Signature:

A handwritten signature in blue ink, appearing to be 'Michael Morgan', written over a horizontal line.

From the Chief Executive



It is my pleasure to present the 2020-21 Annual Report for the South Australian Metropolitan Fire Service (MFS). This report represents the collective activities of approximately 1200 people who work tirelessly to protect the South Australian community.

The MFS is the primary provider of urban firefighting services to the State of South Australia and a statutory authority committed to protecting life, property and the environment from fire and other emergencies. The role of the fire service includes prevention and education, preparedness, response and recovery activities.

The 2020-21 financial year presented considerable challenges to our community and all industries, both public and private. The COVID-19 pandemic has continued to significantly affect the community and the economy. I am particularly proud of the ongoing efforts of all MFS personnel, and in particular the specialist role undertaken by the MFS COVID-19 Taskforce. Our combined efforts ensured the ongoing provision of an adaptive emergency service in a rapidly changing environment, whilst also working to protect our people and the wider community. Despite these challenges, we remain focussed on delivering first class emergency services that protect our community.

The MFS is committed to operational and corporate excellence and will continue to strive to be the best emergency service it can be. Ultimately, this can only be achieved through the efforts of its people.

I take this opportunity to acknowledge the support the MFS has received over the past year from our partner emergency service agencies, the South Australian Country Fire Service, the South Australian State Emergency Service, the South Australian Fire and Emergency Services Commission, our Minister and the South Australian Government, and the public of South Australia.

On behalf of the MFS Senior Management Team, I would like to take this opportunity to acknowledge and thank all members of the MFS for their commitment and dedication to the safety and prosperity of all South Australians.

A handwritten signature in blue ink, appearing to read 'Michael Morgan'. The signature is fluid and stylized, with a large loop at the end.

Michael Morgan AFSM MBA

Chief Officer and Chief Executive

South Australian Metropolitan Fire Service

Contents

Overview: about the agency	5
Our strategic focus.....	5
Our organisational structure.....	8
Changes to the agency.....	9
Our Minister.....	9
Our Executive team.....	9
Legislation administered by the agency.....	10
Other related agencies (within the Minister’s area/s of responsibility).....	10
The agency’s performance	11
Performance at a glance.....	11
Agency response to COVID-19.....	12
Agency contribution to whole of Government objectives.....	13
Agency specific objectives and performance.....	13
Corporate performance summary.....	20
Employment opportunity programs.....	22
Agency performance management and development systems.....	23
Work health, safety and return to work programs.....	24
Executive employment in the agency.....	28
Financial performance	29
Financial performance at a glance.....	29
Consultants disclosure.....	29
Contractors disclosure.....	30
Risk management	32
Fraud detected in the agency.....	32
Strategies implemented to control and prevent fraud.....	32
Public interest disclosure.....	32
Public complaints	33
Number of public complaints reported.....	33
Additional Metrics.....	34
Service Improvements.....	35
Compliance Statement.....	35
Appendix: Audited financial statements 2020-21	36

Overview: about the agency

Our strategic focus

<p>Our Purpose</p>	<p>The South Australian Metropolitan Fire Service (MFS) is the primary provider of urban firefighting services to the state of South Australia and a statutory authority committed to protecting life, property and the environment from fire and other emergencies.</p> <p>The MFS is a community-focused organisation that aims to reduce the number of preventable incidents, to protect lives and reduce the economic, social and environmental losses to the community resulting from fires and other emergencies that do occur.</p> <p>By preventing and quickly and effectively responding to emergencies, the MFS helps make all South Australians safer by protecting lives, property and prosperity. The MFS also protects the State’s manufacturing and retail industries, thereby protecting jobs, skills and technologies that might not be replaced.</p> <p>As an agency, the MFS is responsible to the Minister for Emergency Services and works in collaboration with the South Australian Fire and Emergency Services Commission (SAFECOM), the SA Country Fire Service and the State Emergency Service.</p>
<p>Our Vision</p>	<p>A safer and more prosperous South Australia.</p> <p>Fires and other emergencies have the potential to harm the public and the things they value. We seek to actively reduce the number of preventable emergency incidents that occur and ensure our organisation and communities are better prepared for those emergencies that do happen.</p>
<p>Our Values</p>	<p>Community – We will put the needs of our community first.</p> <p>Safety – We will take all reasonable measures to ensure the safety of the public and our personnel.</p> <p>Professionalism – Our personnel must be experts in what they do, committed to achieving the highest standards.</p> <p>Teamwork – Teamwork is essential in all aspects of emergency service provision.</p> <p>Loyalty, Respect and Integrity – We will act with courage, tenacity and in the best interest of the public.</p> <p>Responsibility, Accountability and Quality – We will take responsibility for our actions and aim to provide the best possible service and value to our community.</p> <p>Learning and Improvement – We will learn from our actions and seek to do things even better in the future.</p>

<p>Our functions, objectives and deliverables</p>	<p>Our Objectives are:</p> <p>COMMUNITY – Help make the South Australian community safer and more prosperous.</p> <p>PREVENTION – Minimise the frequency and effects of fires and other emergencies.</p> <p>RESPONSE – Reduce risk to life, property, environment and economy through operational excellence.</p> <p>PREPAREDNESS – Develop a sustainable community-focused organisation.</p> <p>PUBLIC VALUE – Exceed expected standards of corporate governance and provide public value.</p> <p>To achieve our objectives, we have adopted the following strategic priorities:</p> <p>1. Community Focus</p> <ul style="list-style-type: none"> • Deliver first class emergency services that minimise social, economic and environmental loss. • Actively engage with our community and authorising environment to identify risks and priorities. • Ensure we provide the right services in the right places. • Ensure the services we provide are effective, efficient and represent public value. • Allocate our budget on the basis of community risks and priorities and operate within it. <p>2. Frontline Services</p> <p>PREVENTION</p> <ul style="list-style-type: none"> • Promote the adoption of cost-effective fire safety solutions that protect lives and property. • Identifying innovative ways to deliver our successful Road Awareness and Juvenile Firefighter Intervention programs as the restrictions imposed by COVID-19 continue. • Maintaining our high rates of fire cause identification and eliminating products identified as potential fire causes from the marketplace. <p>RESPONSE</p> <ul style="list-style-type: none"> • Maintaining 100% response rate to all emergencies. • The MFS will increase the number of Officers accredited to manage or serve in functional management roles at major national and state-level emergencies. • Maintaining our current standards of call receipt and dispatch for the SA emergency services sector. • Maintaining our current levels of direct support to our workforce and community during and after emergencies. This includes ensuring the sustainability of our successful employee wellness and mental health programs.
--	---

3. Frontline Support Services

PREPAREDNESS

- Implement the new Senior Firefighter Level 2 Development Program to enhance the training provided to personnel progressing to the rank of Station Officer or temporarily acting up.
- Implement key findings of the review of the MFS Staff Development Framework.
- Complete promotions processes for the ranks of Station Officer and Commander.
- Finalise and implement the MFS Learning and Development Doctrine to enhance the quality, consistency and interoperability of our educational and assessment methods.
- Ensure effective and efficient procurement, management and use of fit for purpose infrastructure, appliances and equipment.

4. Governance and Public Value

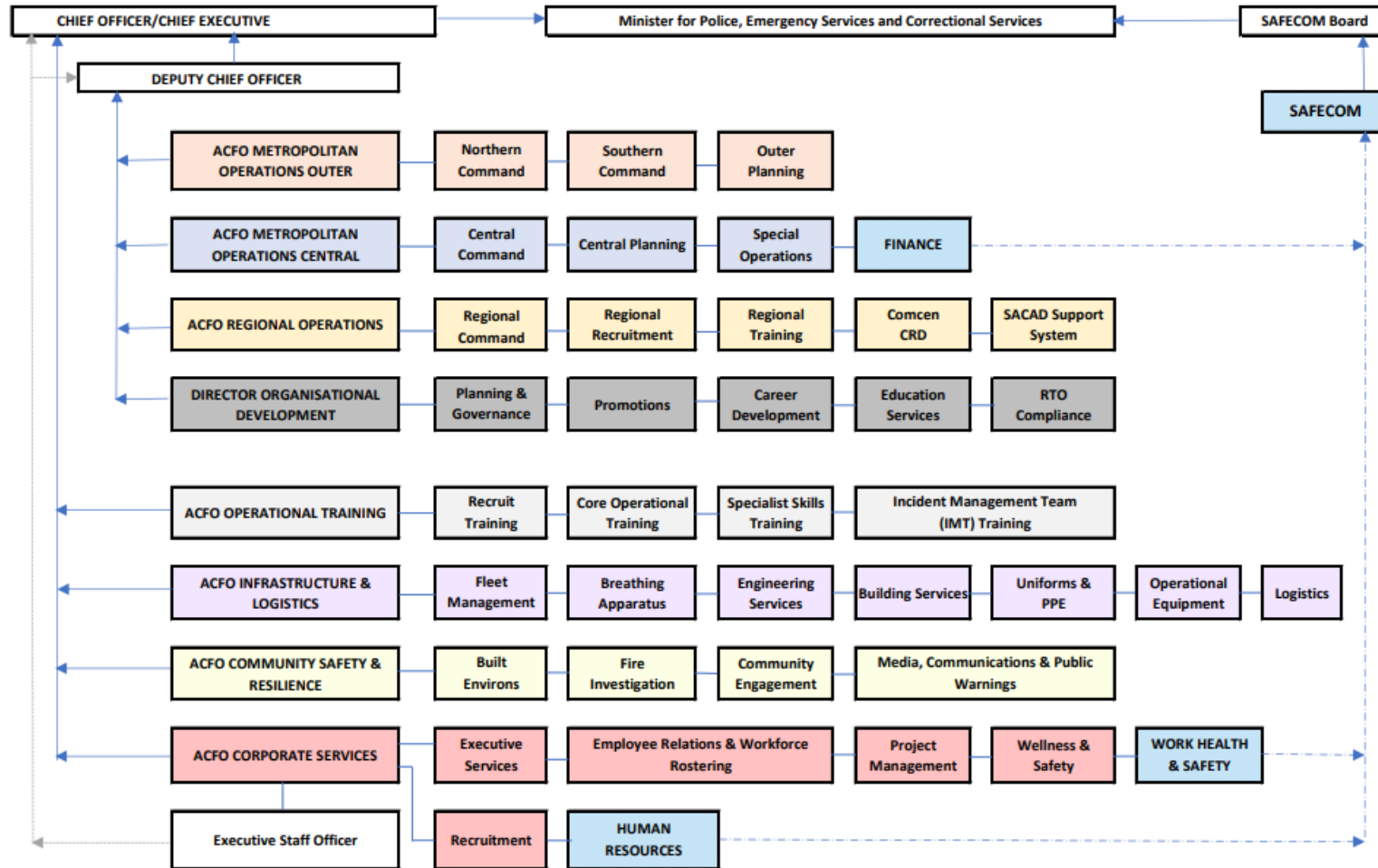
ORGANISATIONAL PERFORMANCE AND VALUE

- Improve the integration and effectiveness of services provided by the emergency services sector to deliver public value.
- Freely provide transparent and accurate information to the public and our workforce.
- Ensure the effective management of MFS functional support services.
- Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders.

PEOPLE AND CULTURE

- Improve the physical, mental and emotional wellness of MFS personnel.
- Develop a professional culture that improves effectiveness, efficiency and public value.
- Develop a sustainable, highly skilled workforce that reflects our community.
- Employ effective Human Resources management systems consistent with the broader SA public sector.

Our organisational structure



* Each colour in the diagram above represents a different MFS Department

(As of 30 June 2021 – Taken from MFS Workforce Plan 2021 – 2022)

Changes to the agency

During 2020-21 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister



The Hon Vincent Tarzia MP is the Minister for Police, Emergency Services and Correctional Services.

Our Executive team



Mr Michael Morgan

Chief Officer and Chief Executive

- Responsible for the strategic and executive management of business strategy across the MFS.
- Responsible with the ultimate oversight of the command and deployment of operational firefighting resources across the State.
- Drives the vision, discussion, development and delivery of integrated and complex strategy for the MFS.
- Exercises extensive legislative powers and responsibilities conferred by legislation and will

determine the appropriate courses of action for the management of incidents consistent with the Chief Officer's role.

- Statutory member of the SAFECOM Board and is responsible for achieving outcomes as described within and in compliance with the Fire and Emergency Services Act 2005 (SA).
- Membership of the Emergency Service Sector (ESS) Executive responsible to the SAFECOM Board for the collaborative management of the ESS.
- Statutory member of the State Emergency Management Committee.
- Accountable for operational outcomes as the State Controller (Fire Functional Service).
- Responsible for ensuring compliance with the Emergency Management Act 2004 and the State Emergency Management Plan, in particular the role of State Controller (Fire).
- Leads and influences new resources and infrastructure to accommodate demographic changes with the State.



Mr Paul Fletcher

Deputy Chief Officer

- Provides strategic, tactical and professional advice to the Chief Officer/Chief Executive and the senior management team on operational matters.
 - Provides leadership and exceptional advice on strategic and executive management business approaches across the MFS.
 - Leads innovation and change in the MFS and including the development and delivery of integrated and complex strategy for the MFS.
- Ensures the protection of persons, property and the environment from fire, chemical incidents and other emergencies by the provision of adequate physical and appropriately trained human resources is achieved.
 - Ensures Enterprise Agreements and/or Industrial Awards reflect MFS strategic direction by providing expert advice to Chief Officer/Chief Executive.
 - Represents the MFS in statewide forums, providing expert leadership and advice in support of MFS's corporate direction and to ensure effective inter-agency performance and operation.
 - Undertakes delegated responsibilities to direct emergency response for incidents that occur throughout the state.
 - Statutory member of the State Emergency Management Committee.

Legislation administered by the agency

Part 3 of the *Fire and Emergency Services Act (2005)*.

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

- South Australian Fire and Emergency Services Commission (SAFECOM)
- South Australian Country Fire Service (CFS)
- South Australian State Emergency Service (SES).

The agency's performance

Performance at a glance

- The MFS is responsible for the protection of the South Australian community from the effects of fires, road crash, hazardous materials, rescues and other incidents and deals with the effects of emergencies on a daily basis. The MFS operates from 20 stations throughout greater metropolitan Adelaide and 17 stations in major regional centres.
- During 2020-21 the MFS responded to approximately 21000 emergency incidents. Of these, 18066 generated a response from Metropolitan Operations; and 2760 from Regional Operations. In comparison, these activity rates are relatively consistent with the data from the previous financial year.
- MFS Regional Operations provide an emergency service to the major regional centres protecting a significant proportion of South Australia's regional population, infrastructure and economic assets. During 2020-21, five MFS regional stations responded to more than 260 emergency incidents, and these include: Mount Gambier (497), Whyalla (299), Port Pirie (289), Port Augusta (287) and Mount Barker (267).
- MFS statistics show that the risks to our community continue to change over time. Data indicates that the rate of structural fires has continued to drop however, fires now burn hotter and faster and have greater potential to cause significant damage and loss. Other risks, including the risk of road crashes requiring rescue, continues to be a concern as the population of urban areas increases. Both metropolitan and regional operations reported increases in the number of rescues performed with an annual total of 5406 (in comparison to 5021 in 2019-20).
- Implemented systems that allow MFS call receipt and dispatch personnel to receive 000 calls from remote locations using secure internet links.
- Effectively responded to significant urban fires including the Kilburn recycling plant, Glenelg South IGA supermarket and Visy Industries Wingfield, as well as providing strike teams and resources to support the South Australian Country Fire Service (CFS) and other agencies during the 2020-21 bushfire season.
- Undertook key initiatives to reduce the risks within South Australian built environs, including reviews of buildings containing aluminium composite panels (ACP) and the provision of engineering briefs and reports for defence projects based in South Australia.
- Increased capability in the scientific area to support risks associated with emerging alternate energies, including hydrogen and solar.

Agency response to COVID-19

In response to the global COVID-19 pandemic, the MFS Special Operations/HAZMAT team took lead responsibility for:

- The development and coordination of the MFS COVID-19 Taskforce.
- Ensuring that the MFS followed the advice of the Office of the Commissioner for Public Sector Employment and SA Health.
- Ongoing consultation with the United Firefighters Union of SA regarding amended operational practice, to enable the continuation of our operational capability, whilst also ensuring the safety of our personnel.
- Supporting the State Emergency Management team in SA Health.
- The provision of advice and physical resources to effectively facilitate MFS staff in implementing work from home and remote meeting strategies.
- Navigate the MFS through the Transition to Recovery and access to COVID-19 Vaccination programs.

The MFS also actively supported the International COVID-19 Detector Dog Project. The State Control Centre Health held responsibility for the project which was managed by the Adelaide University in partnership with both state and federal stakeholders. The project was part of an international study group, involving 17 international partners and major national stakeholders and was supported by the Australian Government Department of Home Affairs.

Agency contribution to whole of Government objectives

Key objective	Agency’s contribution
More jobs	Preparedness (Learning and Development) – Actively engaging with community forums and marketing the service to members of the community who may not have previously considered firefighting as a profession. Our aim is to increase the gender and cultural diversity amongst potential firefighter recruit applicants.
Lower costs	Preparedness – Continuous improvement of our responses and incident management capabilities. Our aim is to provide coordinated and robust Emergency Management arrangements by working collaboratively, to enhance the integration of emergency response and ensure we provide the closest, fastest and most appropriate resources to all emergencies.
Better Services	<p>Public Value – Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders. Our aim is to provide an efficient and accountable government service and enhance customer satisfaction.</p> <p>Preparedness – During a period of significant workforce renewal, our aim is to develop a sustainable, highly skilled workforce that reflects our community. The MFS also invests heavily in programs that support the health and wellbeing of our employees and their families.</p>

Agency specific objectives and performance

To achieve our objectives, we have adopted the following strategic priorities:

1. Community Focus

- Deliver first class emergency services that minimise social, economic and environmental loss.
- Actively engage with our community and authorising environment to identify risks and priorities.
- Ensure we provide the right services in the right places.
- Ensure the services we provide are effective, efficient and represent public value.
- Allocate our budget on the basis of community risks and priorities and operate within it.

2. Frontline Services

PREVENTION

- Promote the adoption of cost-effective fire safety solutions that protect lives and property.
- Identify innovative ways to deliver our successful Road Awareness and Juvenile Firelighter Intervention programs as the restrictions imposed by COVID-19 continue.

- Maintain our high rates of fire cause identification and eliminating products identified as potential fire causes from the marketplace.

RESPONSE

- Maintaining 100% response rate to all emergencies.
- The MFS will increase the number of Officers accredited to manage or serve in functional management roles at major national and state-level emergencies.
- Maintaining our current standards of call receipt and dispatch for the SA emergency services sector.
- Maintaining our current levels of direct support to our workforce and community during and after emergencies. This includes ensuring the sustainability of our successful employee wellness and mental health programs.

3. Frontline Support Services

PREPAREDNESS

- Implement the new Senior Firefighter Level 2 Development Program to enhance the training provided to personnel progressing to the rank of Station Officer or temporarily acting up.
- Implement key findings of the review of the MFS Staff Development Framework.
- Complete promotions processes for the ranks of Station Officer and Commander.
- Finalise and implement the MFS Learning and Development Doctrine to enhance the quality, consistency and interoperability of our educational and assessment methods.
- Ensure effective and efficient procurement, management and use of fit for purpose infrastructure, appliances and equipment.

4. Governance and Public Value

ORGANISATIONAL PERFORMANCE AND VALUE

- Improve the integration and effectiveness of services provided by the emergency services sector to deliver public value.
- Freely provide transparent and accurate information to the public and our workforce.
- Ensure the effective management of MFS functional support services.
- Meet expected standards of governance, risk management, compliance and value expected by our community and stakeholders.

PEOPLE AND CULTURE

- Improve the physical, mental and emotional wellness of MFS personnel.
- Develop a professional culture that improves effectiveness, efficiency and public value.
- Develop a sustainable, highly skilled workforce that reflects our community.
- Employ effective Human Resources management systems consistent with the broader SA public sector.

Agency objectives	Indicators	Performance
Frontline Services – Community	Foster behaviours that increase community preparedness. This includes a range of activities such as educational visits, consumer warnings, home fire safety presentations, teachers' resources and information distribution.	<ul style="list-style-type: none"> - 147 home fire safety presentations. - No educational tours, visits and community events scheduled. <i>(All community education and engagement activities were severely affected by COVID-19 restrictions and industrial action.)</i> - Projected total of 4306 attendees in community education programs.
Frontline Services – Prevention	Identify risks associated with fire and other emergencies.	<p>The MFS investigated:</p> <ul style="list-style-type: none"> - 147 fires for the MFS. - 54 fires for the CFS. <p>Fire cause established in 95% of all fires examined.</p> <p>This success rate means that causes are identified, and dangerous products are promptly removed from the community.</p>
	<p>Foster behaviours that increase community preparedness. MFS provides the following programs:</p> <ul style="list-style-type: none"> - Road Awareness Program (RAP) - Juvenile Fire Lighters Intervention Program (JFLIP) 	<ul style="list-style-type: none"> - 190 RAP presentations took place involving a projected total of 18 696 participants. All RAP participants (100%) indicated that they will adopt safer behaviours post-program. - 0% of participants in JFLIP reoffend. The MFS believes that this program reduces community risk by decreasing the incidence of repeat fire lighting.

<p>Frontline Services – Prevention Cont'd</p>	<p>Ensure South Australian environs are safe places to live and work.</p> <p>MFS Built Environs programs help to ensure the safety of the South Australian public buildings. This includes ensuring new developments have required fire safety systems and do not employ high risk products or construction methods.</p>	<p>MFS conducted:</p> <ul style="list-style-type: none"> - 164 education and health facility inspections and fire safety surveys. - 580 building development proposal assessments. - 325 fire alarm inspections and connections. - 96% of building development assessments were completed within 28 days. - 178 booster/hydrant tests/commissioning - 178 Building Fire Safety Committee meetings/inspections. - 10 hot smoke tests conducted. <p>MFS Built Environs also:</p> <ul style="list-style-type: none"> - Consulted with developers and certifiers on several high-profile State Government infrastructure projects including the SA Shipbuilding Infrastructure Upgrade, Heysen Tunnel Mount Barker, Future Submarine Project and Queen Elizabeth Hospital. - Continue to actively engage with the Department for Infrastructure and Transport (DIT) to undertake building inspections associated with aluminium composite panels (cladding) and provide advice to rectification work.
<p>Frontline Services – Response & Recovery</p>	<p>Ensure the development and delivery of effective emergency management systems.</p>	<ul style="list-style-type: none"> - 100% of major community events had a current fire protection plan.
	<p>Ensure appropriate response is committed to 100% of all incident types.</p>	<ul style="list-style-type: none"> - 100% of all incidents had an appropriate response committed.
	<p>Ensure the safe and effective management and control of incidents and emergencies.</p>	<ul style="list-style-type: none"> - 68% of building and other structure fires were contained to part of room or area of origin. - 74% of building fires were contained to the room of origin.

<p>Frontline Services – Response & Recovery Cont'd</p>	<p>Ensure the MFS responds to all fires and other emergencies with timely and weighted response.</p>	<ul style="list-style-type: none"> - The total number of incidents generating a response from Metropolitan Operations was 18066. - The total number of incidents generating a response from Regional Operations was 2760. - Average Metropolitan 'out the door time' was 106 seconds, consistent with our target of less than 120 seconds. - The % of MFS arrivals within 7 minutes of a callout in a metropolitan area with a fulltime crew was 76%. - The % of MFS arrivals within 11 minutes of a callout in a regional area: <ul style="list-style-type: none"> o With a Retained crew was 66.4%. o For Station 50 Pt Pirie was 97%. o For Station 70 Mt Gambier was 77%. (Collective Regional target of 90%.)
	<p>Ensure effective operational call receipt and dispatch.</p>	<ul style="list-style-type: none"> - Total of 26385 emergency calls were received. - Average time to answer 000 emergency calls was 4.8 seconds (within target of 5 seconds). - In 85.6% of cases, Triple Zero calls were answered on first presentation.
<p>Frontline Support Services – Learning & Development</p>	<p>A highly skilled workforce that can safely undertake roles required of MFS personnel.</p>	<ul style="list-style-type: none"> - No new firefighting personnel were recruited (<i>Projected recruitment numbers were not met due to lower staff attrition. Consequently, the projection for 2021-22 has also been reduced accordingly.</i>)
	<p>Establish and maintain effective career development systems.</p>	<ul style="list-style-type: none"> - 493 personnel enrolled in nationally recognised training through the MFS Staff Development Framework; 418 mandatory enrolments; and 75 voluntary enrolments. - MFS personnel enrolled in a total of 1030 units of study (1030 mandatory and nil voluntary). <i>Note: The new Senior Firefighter Level 2 Development Program defers voluntary enrolment in vocational programs by one year.</i>

<p>Frontline Support Services – Infrastructure & Logistics</p>	<p>Ensure the provision of efficient whole of life vehicle and equipment solutions.</p> <p>MFS fleet reserve capability was severely impacted by:</p> <ul style="list-style-type: none"> - The fleet age and associated maintenance. - Increased recruit training demand (six appliances are required to conduct the 15-week course with 24 recruits). - Fitting of Burn Over Protection (BOPS). - Chassis rust and pump mounting failures which both require repairs from an out-sourced engineer. - Surge Response Group (SRG) requirements. 	<ul style="list-style-type: none"> - Operational performance was supported by appropriate vehicles and equipment at 100% of incidents. - The maintenance of fleet reserve capability (min of 2 reserve appliances available 100% of the time) was 20% (well below the target of 80%). Fleet reserve levels were impacted by fleet maintenance and construction and delivery delays linked to COVID-19. - Appliances responded to incidents with no report of failure that had impeded their arrival; however due to the age of the appliances and the ongoing cost of maintenance the MFS must be prepared that the risk of future failure is probable. The fleet renewal strategy aims to mitigate this risk. <p>Fleet Age:</p> <ul style="list-style-type: none"> - 1 Aerial requiring replacement within two years (Target of 4). - 2 Specialist vehicles requiring replacement within two years (Target of 1). - 5 4x2 Medium Urban Pumpers (MUP) requiring replacement within two years. - 2 Bulk Water Carriers requiring replacement within two years. - 1 Hooklift requiring replacement within two years.
<p>Frontline Support Services – Governance & Public Value</p>	<p>Develop the leadership and management skills of our personnel.</p>	<p>The MFS develops current and future leaders through access to graduate and post-graduate management qualifications. At senior management level, personnel have access to Graduate Certificate, Diploma and Masters programs.</p> <ul style="list-style-type: none"> - 90% of senior managers hold tertiary qualifications.
<p>Frontline Support Services – Governance & Public Value</p>	<p>Ensure sustainable and environmentally friendly practices are employed.</p>	<p>The MFS aims to:</p> <ul style="list-style-type: none"> - reduce energy usage; - increase the volume of water reclaimed from fire training activities; and - restrict the volume of contaminated water released during firefighting activities.

Cont'd	Increase the total of MFS photovoltaic energy generation.	<ul style="list-style-type: none"> - All new MFS stations are built with a minimum of 12kW systems. The MFS now has a total photovoltaic energy capability of 120kW (Target of >105kW).
	<p>Ensure all required organisational plans are developed.</p> <p>The MFS is required to develop key plans for submission to the SAFECOM Board.</p>	<p>The following plans were submitted:</p> <ul style="list-style-type: none"> - MFS Business Plan - MFS Workforce Plan.
	Ensure effective corporate governance.	<ul style="list-style-type: none"> - Monthly MFS Chief Officer reports were submitted to the SAFECOM Board (11 in total). - 4 Corporate Governance Committee meetings conducted (Target of 5). - 10 Planning & Resilience Committee meetings conducted (Target of 5). - 10 Finance Committee meetings conducted (Target of 5). <p>Indicators or fiscal performance:</p> <ul style="list-style-type: none"> - An unqualified report from the Auditor General. - Compliant with Audit and Verification System for safety and injury management to AS/NZS 4801 2000. - Injury Management: meeting key requirements of the Return to Work Act.

Corporate performance summary

- The MFS is responsible for the receipt of 000 calls for the South Australian Country Fire Service (CFS), the South Australian State Emergency Service (SES), the MFS and the emergency dispatch of crews for these agencies. In the past financial year, the MFS handled approximately 26385 emergency calls. The average time to answer 000 emergency calls was 4.8 seconds (within target of 5 seconds). In 85.6% of cases, Triple Zero calls were answered on first presentation.
- Metropolitan Operations attended approximately 18 000 incidents during 2020-21. Of these, 841 were structure fires, 409 vehicle fires, 4236 rescues and 391 HAZMAT incidents. Average Metropolitan 'out the door time' was 106 seconds, consistent with our target of less than 120 seconds.
- During 2020-21, Regional Operations attended approximately 2760 incidents. This included 146 structure fires, 58 vehicle fires, 1170 rescues and 73 HAZMAT incidents.
- The MFS Road Awareness Program (RAP) delivered nearly 50% more presentations compared to last financial year (190 presentations in 2020-21 compared to 128 presentations in 2019-20). This program continues to receive positive results for measures of changed behaviour and program quality.
- During 2020-21, unfortunately all educational tours, visits and community events were cancelled due to COVID-19 restrictions. Despite these limitations, the MFS were able to conduct 147 home fire safety presentations to a total of 4306 people. These presentations continue to create a positive impact in the continuing decline in the number of structure fires.
- The MFS Built Environment section has continued to actively engage in the combustibile cladding audit which has been completed on residential, accommodation and health care buildings. Work continues with regards to factories, office and retail buildings. The MFS has been in support of the partial removal of aluminium composite panels on some premises, dependent on operational requirements and the overall safety for occupants. The MFS will continue to liaise with both government and private building owners to work towards positive outcomes.
- Following COVID-19 production shutdowns and global disruptions in shipping, the MFS received delivery of four new Heavy Urban Pump appliances. In October 2020, the MFS ordered a further eight appliances (a combination of Heavy Urban General Pump and Heavy Urban Rescue appliances). Funding to support the replacement of MFS appliances was announced as part of the Government's response to the Independent Review into the 2019/20 Bushfire

Season. Fleet age is projected to reduce significantly over the next five years due to additional funding provided in the 2020-21 budget.

- Selection and provision of new replacement Breathing Apparatus equipment for operational personnel was undertaken. In May 2021, supply and training was completed for MFS Regional Operations. Training and roll out for MFS Metropolitan Operations commenced and is expected to be completed in early 2021-22.
- To ensure efficiencies, the MFS has actively engaged with their emergency service sector partners to select and procure new helmets for operational personnel. The MFS is specifying the 'structural helmet' and this process remains ongoing.
- The MFS Fire Behaviour Training Facility at Angle Park was commissioned and officially opened. This facility will ensure MFS firefighters and emergency services staff are provided with the critical operational training required to respond to high-risk urban fires.
- Completed a major review of the Staff Development Framework that included extensive consultation with personnel and has enhanced and updated program alignment as well as training and assessment strategies.
- Completed the development of a new elevated work platform training program that meets SafeWork SA requirements and incorporates a new nationally recognised unit of competency. The program formally commenced in June 2021.

Disability Access and Inclusion Plan

The South Australian Emergency Services Sector has finalised its *Disability Access and Inclusion Plan 2020-2024* which supports the *Inclusive SA: State Disability Inclusion Plan 2019-2023*.

The Plan sets out the actions that the MFS as a member of the South Australian Emergency Services Sector (ESS) will take over the next three years to improve access and inclusion for people living with a disability including our staff and the people that access our information and resources.

The MFS will monitor and contribute to the ESS report on the operation and implementation of the Plan annually to the Chief Executive of the Department of Human Services.

Employment opportunity programs

Program name	Performance
<p>Workforce Renewal – Enhance the capacity and efficiency of recruitment and recruit training processes.</p>	<p>Efficiencies have been realised through the introduction of an application fee, and through re-engineering and resequencing the Firefighter Recruitment and Selection Process. Each new Recruit Course takes 75 business days. Graduates receive the nationally recognised Certificate II in Public Safety (Firefighting & Emergency Operations).</p> <p>The impact of the COVID-19 pandemic saw the predicted staff separation rate significantly reduce; hence, this caused the Recruitment Program to be revised to enable the MFS to remain within our authorised FTE count. Separations are expected to return to predicted rates in the coming years.</p>
<p>Workforce Renewal – Increase the gender and cultural diversity among potential firefighter recruit applicants.</p>	<p>Actively engaging with community forums and marketing the service to members of the community who may not have previously considered firefighting as a profession. This continues to be achieved through promotional campaigns and activities including public space advertising, radio and digital media advertising and numerous career and pre-application information sessions.</p> <p>The MFS will also:</p> <ul style="list-style-type: none"> - Continue to engage in active recruitment campaign strategies to promote the MFS as an inclusive employer of choice. - Continue organisational involvement in the Champions of Change Coalition. - Maintain and promote White Ribbon Accreditation.
<p>Workforce Renewal – Enhanced MFS capability to train personnel in high-risk settings as firefighters and officers.</p>	<p>The MFS continues to invest heavily in workforce learning and development to ensure new and existing operational personnel can work safely and effectively in high-risk environments.</p> <p>The MFS provides a minimum of six years competency-based training through the Staff Development Framework and tertiary level qualifications through the Executive Development Program.</p> <p>The new Structural Fire Behaviour Training Facility at Grand Junction Road, Angle Park has been completed and has been officially opened. Use of the training facility has commenced.</p>

Agency performance management and development systems

Performance management and development system	Performance
<p>MFS Organisational Doctrine – Provides broad guidance to personnel about how to behave and think in both operational and non-operational settings.</p>	<p>Continued implementation of the MFS organisational doctrine occurred, including alignment with behaviour management, cultural renewal and diversity strategies.</p>
<p>MFS Staff Development Framework (SDF) – All MFS personnel are provided access to career-long nationally recognised competency-based training. All new Firefighters must complete six years of mandatory development.</p>	<p>418 personnel were compulsorily enrolled in nationally recognised qualifications through the MFS SDF. In addition, 75 personnel voluntarily enrolled in nationally recognised professional development programs. Collectively, MFS personnel were enrolled in a total of 1030 units of study.</p>
<p>The draft policy entitled '<i>Managing Behaviour of MFS Employees</i>' will guide the behaviour management of all MFS employees covered by the provisions of Part 3, Division 7 of the <i>South Australian Fire and Emergency Services Act (2005)</i>.</p> <p>The policy is accompanied by a draft '<i>MFS Behavioural Appraisal template</i>', designed as a supportive mechanism for continuous improvement, through the provision of timely feedback and ongoing development of employee behaviours, skills and competencies.</p>	<p>Draft policy and appraisal template will be progressed through active consultation and engagement with relevant stakeholders, via the MFS Diversity and Inclusion Advisory Committee.</p>
<p>Emergency Services Sector Planned Review and Development (PRD) for MFS operational support staff.</p>	<p>PRD sessions between MFS employees and their line managers continue, in compliance with sector policy requirements.</p>
<p>Review and development of operational staff.</p>	<p>Operational personnel participate in mandatory performance management discussions through less formal but effective post incident review, skills acquisition and reacquisition training on an ongoing basis.</p>

Work health, safety and return to work programs

Program name	Performance
MFS Employee Support Program	<p>100% of Station Visits by the Employee Support Coordinator and Psychological Consultant based on risk priority was achieved.</p> <p>Increasing numbers of personnel seeking assistance in the short term as the MFS places priority on mental health awareness.</p>
MFS Vaccination Program	<p>90% of the workforce voluntarily participated in flu vaccinations.</p> <p>100% participation in the HepB vaccination program for those in frontline full-time employment.</p> <p>The MFS readily distributed information to staff about access and booking options for COVID-19 vaccinations. Staff were assured that their decision was voluntary.</p> <p>The MFS provides vaccinations for USAR Cat 2 qualified personnel for protection consistent with diseases and infections that might reasonably expect to be encountered whilst on deployment.</p>

Program name	Performance
<p>MFS Employee Wellness & Safety</p>	<p>Continued development of strategies to assist in reducing workplace injury/illness and ensure the safest effective recovery/return to work. Programs include:</p> <p>Transition to retirement</p> <p>Pre and post retirement support processes are 70% completed.</p> <p>Health and Fitness</p> <p>Injury/illness data analysis compliments the ongoing movement screening testing, gym equipment rationalisation and purchase and the commencement of station gym refurbishments.</p> <p>Voluntary health checks continue along with the development of annual health checks aligned to functional fitness requirements.</p> <p>White Ribbon Campaign</p> <p>MFS is an accredited White Ribbon organisation and continues to provide a safer workplace through this ongoing program.</p> <p>AFAC Champions of Change Coalition</p> <p>Continuing to implement the strategies developed by AFAC to enhance cultural change management processes.</p> <p>Diversity and Inclusion</p> <p>Strategies are being developed and implemented to ensure the MFS becomes a more diverse and inclusive organisation.</p> <p>Operational Safety</p> <p>The MFS remains committed to a second round of voluntary PFAS blood testing in the second half of 2021.</p> <p>MFS continues to be involved in AFAC activities including PPC, Operational strategies, WHS and procurement (PPC, appliances, equipment).</p> <p>Review of Drug and Alcohol policy and procedures.</p> <p>Mental Health Resilience</p> <p>PEER program - Training upgraded and membership expanded. This program remains ongoing.</p> <p>Other programs that are being periodically reviewed to provide assistance include: Domestic and Family Violence; Bullying and Harassment; and Physical Health, Fitness and Wellbeing.</p>

Program name	Performance
<p>Risk Management – The MFS Work Health Safety and Injury Management (WHS&IM) system is aligned to AS/NZS 4801 (Occupational health and safety management systems – specification with guidelines for use). The system is underpinned by the philosophies and methods set out in AS/NZS/ISO 31 000, (Risk Management – Principles and guidelines) to ensure the MFS achieves its safety and injury management objectives.</p>	<p>WHS&IM system performance is evaluated through internal and external audit, review and investigation of incidents, analysis of hazard, incident, near miss (My SAFETY) reports, and workers compensation (SIMS) data and surveys to ensure effectiveness and ongoing improvement.</p>
<p>Injury Management – Firefighting remains a physically and mentally demanding occupation; the MFS commits considerable priority and resources to managing employee injuries.</p>	<p>There were 4 notifiable incidents during the 2020-21 period with one resulting in the issuing of a provisional improvement, improvement or prohibition notice.</p> <p>Total gross workers compensation expenditure increased by 44.25% with the major contributing factor being an increase of 66.71% in income payments.</p>

Workplace injury claims	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Total new workplace injury claims	143	138	19.92%
Fatalities	0	1	0%
Seriously injured workers*	4	1	120%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	33.52	39.29	15.85%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	4	2	100%
Number of provisional improvements, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	1	0	100%

Return to work costs**	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Total gross workers compensation expenditure (\$)	8 196 479	5 682 283	44.25%
Income support payments – gross (\$)	3 689 122	2 212 909	66.71%

**before third party recovery

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-whs-and-return-to-work/resource/aec7c488-944d-477e-9dc2-aaeaf4e44b55>

Executive employment in the agency

Executive classification	Number of executives
EXEC0B	1
EXEC0C	1

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-executive-employment/resource/fdd65825-b107-4e97-984b-3060dbf35a27>

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2020-2021 are attached to this report.

Statement of Comprehensive Income	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	2019-20 Actual \$000s
Total Income	174 878	174 747	(131)	177 492
Total Expenses	162 769	174 522	11 753	149 891
Net Result	12 109	225	(11 281)	27 601
Total Comprehensive Result	12 109	225	(11 281)	77 276

Statement of Financial Position	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	2019-20 Actual \$000s
Current assets	8 697	2 312	(6 385)	7 875
Non-current assets	196 828	190 157	(6 671)	186 791
Total assets	205 525	192 469	(13 056)	194 666
Current liabilities	38 015	36 676	(1 339)	32 989
Non-current liabilities	75 802	75 969	(167)	82 078
Total liabilities	113 817	112 645	(1 506)	115 067
Net assets	91 708	79 824	(11 884)	79 599
Equity	91 708	79 824	(11 884)	79 599

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$18 508

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
GHD Pty Ltd	PFAS contamination testing	131 243
IFB Investigations	Investigations of allegations	63 963
	Total	\$195 206

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-consultants/resource/b5e9600e-81b2-47e1-952a-f0ca6a673c33>

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$25 081

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Babcock Pty Ltd	Engineering Support Services	\$884 277
MWAH	Diversity and Inclusion Consultation	\$156 310
The Galup Organization	Talent Selection Fee	\$127 738
NGS Global	Capability and Development Assessment	\$41 560
Weber Frankiw Surveyors	Land Surveyance Fee	\$12 182
David Gordon Smith	Development of Database (J-Flip and Asset Tracker)	\$10 500
	Total	\$1 232 567

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-contractors/resource/d8bd26b6-ac63-4a2f-8a66-adde91c465d0>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Risk management

Fraud detected in the agency

Category/nature of fraud	Number of instances
Type of fraud	0

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

SAFECOM maintains a governance structure and internal controls that are designed to prevent and minimise the impact of fraud including:

- Fraud, corruption, misconduct and maladministration policy, procedure and control plan in place.
- Financial and human resource policies and procedures.
- An Audit and Risk Committee that reports to the SAFECOM Board.
- Regular financial monitoring and reporting.

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-fraud/resource/e7e46474-7f6b-4562-9de3-759307df4a8c>

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Nil

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-whistle-blower/resource/6b7df5a7-ff17-45d8-b002-3937ebcb18c8>

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	1
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	1

Additional Metrics	Total
Number of positive feedback comments	13773
Number of negative feedback comments	0
Total number of feedback comments	13773
% complaints resolved within policy timeframes	100

NB: Data also includes feedback gathered by the MFS Community Safety & Resilience Department which consisted of positive feedback from:

- Community engagement presentations (232)
- Juvenile Fire Lighters Program, 3 & 12 Month Evaluations (55)
- Road Awareness Program (13 466)
- Direct email communications (9).

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/annual-report-data-complaints/resource/298a27a0-2da1-4314-bb1f-9b3eb213260a>

Service Improvements

Information is readily available on the MFS website (Contact Us / Feedback - <https://www.mfs.sa.gov.au/contact-us/feedback/>) about how to provide feedback or lodge a complaint with the organisation.

Service improvements resulting from a complaint included:

- Enhanced awareness of compliance with the South Australian Government requirements regarding marketing, communications and social media use.
- Development of a detailed procedure relating to social media use.

Compliance Statement

The South Australian Metropolitan Fire Service is compliant with Premier and Cabinet Circular 039 – Complaint management in the South Australian public sector.	Y
The South Australian Metropolitan Fire Service has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2020-21

South Australian Metropolitan Fire Service

Financial Statements

For the year ended 30 June 2021

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2021

We certify that the:

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



Michael Morgan AFSM
Chief Officer
South Australian Metropolitan Fire Service
17 September 2021



Julie Best
Manager, Financial Services
South Australian Metropolitan Fire Service
17 September 2021

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Contributions from the Community Emergency Services Fund	2.1	164 213	152 424
Fees and charges	2.2	4 251	5 707
Commonwealth sourced grants and funding	2.3	1 216	1 175
SA Government grants, subsidies and transfers	2.4	4 110	16 616
Net gain from disposal of non-current assets	2.5	-	1
Interest revenues		3	6
Other income	2.6	954	1 563
Total income		174 747	177 492
Expenses			
Employee benefits	3.3	144 633	123 338
Supplies and services	4.1	20 861	17 989
Grants and subsidies	4.2	40	322
Borrowing costs		25	30
Depreciation and amortisation	4.3	8 290	7 819
Net loss from disposal of non-current assets	2.5	603	-
Other expenses		70	393
Total expenses		174 522	149 891
Net result		225	27 601
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes to asset revaluation surplus		-	49 675
Total other comprehensive income		-	49 675
Total comprehensive result		225	77 276

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 Metropolitan Fire Service
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	343	5 895
Receivables	6.2	1 969	1 980
Total current assets		2 312	7 875
Non-current assets			
Property, plant and equipment	5.1	190 105	186 664
Intangible assets	5.4	52	127
Total non-current assets		190 157	186 791
Total assets		192 469	194 666
Current liabilities			
Payables	7.1	9 094	7 195
Employee benefits	3.4	21 396	20 051
Provisions	7.3	5 877	5 475
Financial liabilities	7.2	309	268
Total current liabilities		36 676	32 989
Non-current liabilities			
Payables	7.1	4 566	4 608
Employee benefits	3.4	25 824	26 371
Provisions	7.3	44 569	50 086
Financial liabilities	7.2	1 010	1 013
Total non-current liabilities		75 969	82 078
Total liabilities		112 645	115 067
Net assets		79 824	79 599
Equity			
Asset revaluation surplus	8.1	148 120	148 120
Retained earnings	8.1	(68 296)	(68 521)
Total equity		79 824	79 599

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

South Australian Metropolitan Fire Service
Statement of Changes in Equity
for the year ended 30 June 2021

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	98 445	(96 122)	2 323
Net result for 2019-20	-	27 601	27 601
Gain on revaluation of land and buildings during 2019-20	27 282	-	27 282
Gain on revaluation of vehicles during 2019-20	21 406	-	21 406
Gain on revaluation of plant and equipment during 2019-20	987	-	987
Total comprehensive result for 2019-20	49 675	27 601	77 276
Balance at 30 June 2020	148 120	(68 521)	79 599
Net result for 2020-21	-	225	225
Total comprehensive result for 2020-21	-	225	225
Balance at 30 June 2021	148 120	(68 296)	79 824

8.1

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 Metropolitan Fire Service
Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Contributions from the Community Emergency Services Fund		164 213	152 424
SA Government grants, subsidies and transfers		4 498	16 506
Fees and charges		4 251	6 133
Receipts from grants and contributions		1 326	1 285
Interest received		3	6
GST recovered from the Australian Taxation Office		2 306	1 086
Receipts for paid Parental Leave Scheme		39	56
Other receipts		1 342	1 157
Cash generated from operations		177 978	178 653
Cash outflows			
Employee benefits payments		(148 644)	(148 040)
Supplies and services payments		(23 773)	(20 027)
Interest paid		(25)	(30)
Payments for paid Parental Leave Scheme		(40)	(47)
Grants and subsidies payments		(40)	(322)
Cash used in operations		(172 522)	(168 466)
Net cash provided by operating activities	8.2	5 456	10 187
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(10 686)	(6 890)
Cash used in investing activities		(10 686)	(6 890)
Net cash used in investing activities		(10 686)	(6 890)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(322)	(317)
Cash used in financing activities		(322)	(317)
Net cash used in financing activities		(322)	(317)
Net decrease in cash and cash equivalents		(5 552)	2 980
Cash and cash equivalents at the beginning of the reporting period		5 895	2 915
Cash and cash equivalents at the end of the reporting period	6.1	343	5 895

The accompanying notes form part of these financial statements.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
1. About the South Australian Metropolitan Fire Service	7
1.1. Basis of preparation	7
1.2. Objectives and programs	7
1.3. Impact of COVID-19 pandemic	8
1.4. Budget performance	8
1.4. Budget performance (continued)	9
1.5. Significant transactions with government entities	9
2. Income	10
2.1. Contributions from the Community Emergency Service Fund	10
2.2. Fees and charges	10
2.3. Commonwealth sourced grants and funding	11
2.4. SA Government grants, subsidies and transfers	11
2.5. Net gain / (loss) from disposal of non-current assets	12
2.6. Other income	12
3. Board, committees and employees	13
3.1. Key management personnel	13
3.2. Remuneration of board and committee members	13
3.4. Employee benefits liability	15
4. Expenses	16
4.1. Supplies and services	16
4.2. Grants and subsidies	16
4.3. Depreciation and amortisation	17
5. Non-financial assets	18
5.1. Property, plant and equipment by asset class	18
5.2. Property, plant and equipment owned by MFS	19
5.3. Property, plant and equipment leased by MFS	20
5.4. Intangible assets	20
6. Financial assets	21
6.1. Cash and cash equivalents	21
6.2. Receivables	21
7. Liabilities	22
7.1. Payables	22
7.2. Financial liabilities	23
7.3. Provisions	23
7.3. Provisions (continued)	24
8. Other disclosures	25
8.1. Equity	25
8.2. Cash flow reconciliation	25
9. Outlook	26
9.1. Unrecognised contractual commitments	26
9.2. Contingent assets and liabilities	26
9.3. Impact of standards and statements not yet effective	26
9.4. COVID-19 pandemic outlook for MFS	27
9.5. Events after the reporting period	27
10. Measurement and risk	27
10.1. Long service leave	27
10.2. Fair value	28
10.3. Financial instruments	31

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1. About the South Australian Metropolitan Fire Service

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

The financial statements include all the controlled activities of MFS.

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

The financial statements are prepared based on a 12-month reporting 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.

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.

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

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

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

Significant accounting policies are set out throughout these notes.

1.2. Objectives and programs

Objectives

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

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

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

Programs

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.3. Impact of COVID-19 pandemic

The COVID-19 pandemic has impacted on the operations of MFS and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- Additional expenditure of \$336 000 to keep personnel safe while maintaining service delivery to the community.
- Additional expenditure to support the South Australian response to the COVID-19 pandemic.
- Reduced capital expenditure and delays in supplier delivery time frames due to supplier business restrictions.

The Emergency Services Sector has considered the possible impact of the COVID-19 pandemic on property, plant and equipment valuations and has concluded that there is no observable evidence of what that impact would be at this stage.

1.4. Budget performance

The budget performance table compares MFS outcomes against budget information presented to Parliament (2020-21 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 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Contributions from the Community Emergency Services Fund		164 404	164 213	(191)
Fees and charges		4 941	4 251	(690)
Grants and contributions		1 216	1 216	-
SA government grants, subsidies and transfers		4 025	4 110	85
Interest revenue		112	3	(109)
Other income		180	954	774
Total income		174 878	174 747	(131)
Expenses				
Employee benefits	(a)	135 677	144 633	8 956
Supplies and services	(b)	16 256	20 861	4 605
Grants and subsidies		-	40	40
Borrowing costs		31	25	(6)
Depreciation and amortisation		8 883	8 290	(593)
Net loss from disposal of non-current assets		-	603	603
Other expenses		1 922	70	(1 852)
Total expenses		162 769	174 522	11 753
Net result		12 109	225	(11 884)
Total comprehensive result		12 109	225	(11 884)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- a The variance in employee benefits expense was mainly due to the up take of leave cancelled in 2019-20 due to COVID and increased sick leave.
- b The variance in supplies and services expense was mainly due to an increase in vehicle and building repairs and maintenance costs.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.4 Budget performance (continued)

	Note	Original budget	Actual	Variance
		2021	2021	
		\$'000	\$'000	\$'000
Investing expenditure summary				
Total new projects	(a)	3 047	1 512	1 535
Total existing projects	(a)	3 803	2 109	1 694
Total Annual Programs	(a)	11 704	8 350	3 354
Total investing expenditure		18 554	11 971	6 583

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- a Original budget is higher than actual expenditure due to delays in supplier delivery timeframes, and supplier business restrictions.

1.5. Significant transactions with government entities

Significant transactions with government related entities

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

- Contributions received from the Community Emergency Services Fund (refer note 2.1)
- Payment made to Attorney-General's Department for the government radio network for \$2.53 million.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2. Income

2.1. Contributions from the Community Emergency Service Fund

	2021	2020
	\$'000	\$'000
Community Emergency Services Fund	164 213	152 424
Net contributions from the Community Emergency Services Fund	164 213	152 424

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

For details on the expenditure associated with the contributions from the Community Emergency Services Fund refer note 3.3 and note 4.

2.2. Fees and charges

	2021	2020
	\$'000	\$'000
Fire alarm attendance fees	1 371	2 493
Fire alarm monitoring fees	2 529	2 441
Fire safety fees	272	309
Incident cost recoveries	79	464
Total fees and charges	4 251	5 707

Revenue from fees and charges is recognised from contracts with customers except for recoveries.

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

MFS recognises revenue from contracts with customers from the following major sources:

Fire alarm attendance and fire safety fees

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

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

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

Fire alarm monitoring fees

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2.2. Fees and charges (continued)

Incident recoveries

MFS provide support to interstate jurisdictions that request it when an emergency incident occurs. The terms of deployment are managed under the Arrangement for Interstate Assistance Framework by the National Resource Sharing Centre under the Australian and New Zealand National Council for Fire and Emergency Services (AFAC).

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

2.3. Commonwealth sourced grants and funding

	2021	2020
	\$'000	\$'000
Commonwealth Government	1 216	1 175
Total Commonwealth sourced grants and funding	1 216	1 175

Contributions are recorded as an asset and income when MFS 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.

Commonwealth grant funding for MFS relates to the cost of providing fire and emergency services to Commonwealth properties under the Memorandum of Understanding for the Provision of Fire Services. All contributions received from the Commonwealth are contributions with unconditional stipulations.

2.4. SA Government grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Capital Program	4 000	-
Intra government transfer	110	16 616
Total SA Government grants, subsidies and transfers	4 110	16 616

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

Capital Program is related to the funding from DTF for accelerated station upgrades and appliance replacements.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

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

	2021	2020
	\$'000	\$'000
Vehicles		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	(552)	-
Net gain / (loss) from disposal of vehicles	<u>(552)</u>	<u>-</u>
Plant and equipment		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	(6)	-
Net gain/(loss) from disposal of plant and equipment	<u>(6)</u>	<u>-</u>
Intangibles		
Net proceeds from disposal	-	-
Less: Net book value of assets disposed	(46)	-
Net gain/(loss) from disposal of computer software	<u>(46)</u>	<u>-</u>
Total assets		
Net proceeds from disposal	-	-
Less net book value of assets disposed	(604)	-
Net gain/(loss) on disposal of owned assets	<u>(604)</u>	<u>-</u>
Gain/(loss) on modification of right-of-use assets	<u>1</u>	<u>1</u>
Total net gain/ (loss) from disposal of non-current assets	<u>(603)</u>	<u>1</u>

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

Gains/losses on modification of right-of-use (ROU) assets include the derecognition of the ROU assets (note 5.1) and associated lease liabilities (note 7.2) where the lease terms and conditions were modified during the current year.

2.6. Other income

	2021	2020
	\$'000	\$'000
Insurance recoveries	40	10
Assets received free of charge	-	8
Salary recoveries	50	57
Sundry revenues	480	1 064
Rent of premises	365	382
Other	19	42
Total other income	<u>954</u>	<u>1 563</u>

Other income is recognised upon receipt, except for the Rent of premises.

MFS receives revenue from long term leases agreements with tenants for land controlled by the Minister for Police, Emergency Services and Correctional Services. Payment is made by the tenant on a monthly basis in advance. MFS recognise this revenue on a time proportionate basis over the lease period.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

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

The compensation detailed below excludes the salary and other benefits of the Minister for Police, Emergency Services and Correctional 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 Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	510	503
Post-employment benefits	71	59
Total compensation	581	562

Transactions with key management personnel and other related parties

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

3.2. Remuneration of board and committee members

Members of boards and committees during 2021 were:

South Australian Metropolitan Fire Service Disciplinary Committee

L D P Holland
R Thompson*
S J Smithson*
B Robertson*

* In accordance with the Premier and Cabinet's Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

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

	2021	2020
\$0 - \$19 999	4	6
Total number of members	4	6

The total remuneration received or receivable by members was \$6 000 (2020: \$5 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	103 314	103 917
Workers compensation	232	(18 764)
Employment on-costs - superannuation	15 900	14 364
Annual leave	13 246	13 232
Long service leave	1 771	931
Payroll tax	6 696	6 614
Skills and experience retention leave	1 021	1 076
Additional compensation	2 178	1 631
Board fees	5	5
Other employment related expenses	270	332
Total employee benefits expenses	144 633	123 338

Employment on-costs – superannuation

The superannuation employment on-cost charge represents MFS's contributions to superannuation plans in respect of current services of current employees. There are no liabilities for payments to beneficiaries recognised by MFS as they have been assumed by the respective superannuation schemes.

Employee Remuneration

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

	Employees	
	2021	2020
	Number	Number
\$154 001 to \$174 000	143	123
\$174 001 to \$194 000	43	45
\$194 001 to \$214 000	16	16
\$214 001 to \$234 000	4	7
\$234 001 to \$254 000	6	2
\$254 001 to \$274 000	2	-
\$274 001 to \$294 000	-	1
\$294 001 to \$314 000	-	1
\$314 001 to \$334 000	1	-
Total	215	195

The total remuneration received by these employees for the year was \$37.44 million (2020: \$34.18 million).

The table includes all employees whose normal remuneration was 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 as well as any termination benefits for employees who have left MFS.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Annual leave	12 901	11 946
Accrued salaries and wages	3 817	3 381
Long service leave	2 716	2 865
Skills and experience retention leave	1 962	1 859
Total current employee benefits	21 396	20 051
Non-current		
Long service leave	25 824	26 371
Total non-current employee benefits	25 824	26 371
Total employee benefits	47 220	46 422

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 in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid

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 methods. Details about the measurement of long service leave liability is provided as note 10.1.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Property costs	3 876	3 129
Vehicles	2 672	3 431
Government radio network	2 532	2 373
Consultancy, contractors and legal fees	2 754	1 518
Computing costs	1 349	1 723
Operational costs	3 419	1 629
Uniforms and protective clothing	1 386	924
Travel and training	489	742
Communications	584	604
Insurance premiums	329	354
Low-value leases	187	116
Other expenses	1 284	1 446
Total supplies and services	20 861	17 989

Other

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the *Public Finance and Audit Act* were \$30 000 (2020: \$30 000). These costs are recognised in 'Other expenses' above. No other services were provided by the Auditor-General's Department.

Leases

MFS recognises lease payments associated with low value leases (less than (\$15 000) as an expense on a straight-line basis over the lease term. Lease commitments for short-term leases is similar to short term lease expenses disclosed.

Consultants

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

	No.	2021	No.	2020
		\$'000		\$'000
Below \$10 000	5	19	6	23
\$10 000 or above	2	195	5	339
Total paid / payable to the consultants engaged	7	214	11	362

4.2. Grants and subsidies

	2021	2020
	\$'000	\$'000
Recurrent grants	40	322
Total grants and subsidies	40	322

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4.3. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Depreciation		
Vehicles	3 902	3 824
Right-of-use vehicles	238	242
Buildings	3 262	2 902
Right-of-use buildings	87	89
Plant and equipment	369	308
Communications equipment	322	294
Computer equipment	81	84
Total depreciation	8 261	7 743
Amortisation		
Computer software	29	76
Total amortisation	29	76
Total depreciation and amortisation	8 290	7 819

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.

Useful life

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

Class of asset	Useful life (years)
Buildings	1-44
Vehicles	1-20
Communications equipment	1-10
Plant and equipment	1-15
Computer equipment	3-10
Computer software	5
ROU Assets	1 - 12

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

Review of Accounting Estimates

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2021	2020
	\$'000	\$'000
Land and buildings		
Land at fair value (existing use)	61 801	61 801
Total land and buildings	61 801	61 801
Buildings		
Buildings at fair value	75 358	68 050
Accumulated depreciation	(5 326)	(2 064)
Total buildings	70 032	65 986
Vehicles		
Vehicles at fair value	49 402	46 415
Accumulated depreciation	(6 450)	(2 549)
Total vehicles	42 952	43 866
Communications (Comms.) equipment		
Communications equipment at fair value	2 056	1 996
Accumulated depreciation	(521)	(199)
Total communications equipment	1 535	1 797
Computer equipment		
At cost (deemed fair value) - computer equipment	513	513
Accumulated depreciation	(125)	(44)
Total computer equipment	388	469
Plant and equipment		
Plant and equipment at fair value	3 968	3 417
Accumulated depreciation	(564)	(196)
Total plant and equipment	3 404	3 221
Capital work in progress		
Capital works in progress at cost (deemed fair value)	8 691	8 257
Total capital work in progress	8 691	8 257
Right-of-use buildings		
Right-of-use buildings at cost	1 084	1 061
Accumulated depreciation	(176)	(89)
Total right-of-use buildings	908	972
Right-of-use vehicles		
Right-of-use vehicles at cost	652	502
Accumulated depreciation	(258)	(207)
Total right-of-use vehicles	394	295
Total property, plant and equipment	190 105	186 664

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.2. Property, plant and equipment owned by MFS

Property, plant and equipment owned by MFS with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by MFS is recorded at fair value. Detail about MFS' approach to fair value is set out in note 10.2.

Impairment

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

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. 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.

Reconciliation 2020-21

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipme nt \$'000	Computer equipment \$'000	Plant & equipme nt \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	61 801	65 986	43 866	1 797	469	3 221	8 257	185 397
Acquisitions	-	-	-	-	-	-	11 970	11 970
Transfers from capital WIP	-	7 308	3 540	60	-	558	(11 466)	-
Depreciation	-	(3 262)	(3 902)	(322)	(81)	(369)	-	(7 936)
Disposals	-	-	(552)	-	-	(6)	-	(558)
CWIP write off	-	-	-	-	-	-	(70)	(70)
Carrying amount at the end of the period	61 801	70 032	42 952	1 535	388	3 404	8 691	188 803

Reconciliation 2019-20

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equipme nt \$'000	Computer equipment \$'000	Plant & equipme nt \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	48 385	54 498	26 028	1 696	167	2 298	3 567	136 639
Acquisitions	-	-	-	-	-	-	6 890	6 890
Transfers from capital WIP	6	518	256	117	82	826	(1 807)	(2)
Depreciation	-	(2 902)	(3 824)	(294)	(84)	(308)	-	(7 412)
Disposals	-	-	-	-	-	-	(393)	(393)
Revaluation increment	13 410	13 872	21 406	278	304	405	-	49 675
Carrying amount at the end of the period	61 801	65 986	43 866	1 797	469	3 221	8 257	185 397

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.3. Property, plant and equipment leased by MFS

Right-of-use assets for property, plant and equipment leased by the MFS as the lessee are measured at cost and there was no indication of impairment. Additions to leased property, plant and equipment during 2020-21 were \$190.11 million.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 3.1.

The department has a limited number of leases:

- 52 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- the MFS has one commercial lease for a building used for the purpose of operating a regional fire station at Mount Barker.

The lease liabilities related to the right-of-use assets and interest expense are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 10.3. Depreciation expense is disclosed in notes 4.3. Cash outflows related to leases are disclosed in note 8.2. MFS has not committed to any lease arrangements that have not commenced from 1 July.

5.4. Intangible assets

	2021 \$'000	2020 \$'000
Software		
Computer software	336	451
Accumulated amortisation	(284)	(324)
Total intangibles	<u>52</u>	<u>127</u>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. 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.

	Computer software \$'000
Reconciliation 2020-21	
Carrying amount at the beginning of the period	127
Amortisation	(29)
Disposals	(46)
Carrying amount at the end of the period	<u>52</u>
Reconciliation 2019-20	
Carrying amount at the beginning of the period	201
Transfers from capital WIP	2
Amortisation	(76)
Carrying amount at the end of the period	<u>127</u>

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	337	5 889
Cash on hand	6	6
Total cash and cash equivalents	343	5 895

Cash is measured at nominal amounts.

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose. One operating account is held with the Treasurer. This account is interest bearing.

Interest rate risk

Cash on hand is non-interest bearing. MFS does not earn interest on its deposits with the Treasurer. The carrying amount of cash and cash equivalents represent fair value.

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current:		
Receivables	940	764
Less impairment loss on receivables	(3)	(2)
Prepayments	327	132
Accrued revenues	24	682
GST input tax recoverable	681	404
Total current receivables	1 969	1 980
Total receivables	1 969	1 980

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

Other than as recognised in the allowance for impairment loss, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to note 10.3 for further information on risk management.

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

Allowance for impairment loss on receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	2	8
Increase/(decrease) in the allowance	9	-
Amounts written off	(8)	(6)
Carrying amount at the end of the period	3	2

Impairment losses relate to contract with customers external to SA Government. Refer to note 10 for details regarding credit risk and the methodology for determining impairment.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Creditors	53	399
Accrued expenses	4 431	2 534
Paid Parental Leave Scheme payable	6	9
Employment on-costs	4 604	4 253
Total current payables	9 094	7 195
Non-current		
Creditors	3	3
Employment on-costs	4 563	4 605
Total non-current payables	4 566	4 608
Total payables	13 660	11 803

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

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

Employment on-costs include payroll tax, workers' compensation levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF) has resulted in the percentage of the proportion of long service leave taken as leave has changed from the 2020 rate 87.71% to 89.17% and the average factor for the calculation of employer superannuation cost on-cost remained at 13.5%. 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

7.2. Financial liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	309	268
Total current financial liabilities	309	268
Non-current		
Lease liabilities	1 010	1 013
Total non-current financial liabilities	1 010	1 013
Total financial liabilities	1 319	1 281

The MFS measures lease liabilities at discounted future lease payments using either the interest rate implicit in the lease or the Department of Treasury and Finance's incremental borrowing rate. There were no defaults or breaches throughout the year.

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

Interest expense paid on lease liabilities during 2020-21 was \$25 000 (2019-20 \$30 000). MFS does not capitalise borrowing costs.

7.3. Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	4 761	4 917
Additional compensation	1 116	558
Total current provisions	5 877	5 475
Non-current		
Provision for workers compensation	29 358	36 496
Additional compensation	15 211	13 590
Total non-current provisions	44 569	50 086
Total provisions	50 446	55 561
Movement in provisions	2021	2020
	\$'000	\$'000
Workers compensation:		
Carrying amount at the beginning of the period	41 413	66 252
Reductions arising from payments	(7 526)	(18 765)
Changes resulting from re-measurement	232	(0 074)
Carrying amount at the end of the period	34 119	41 413
Additional compensation:		
Carrying amount at the beginning of the period	14 148	12 953
Additional provisions recognised	3 927	1 632
Reductions arising from payments	(1 748)	(437)
Carrying amount at the end of the period	16 327	14 148

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

7.3. Provisions (continued)

Workers Compensation

A provision 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 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision was calculated in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

MFS is responsible for the payment of workers compensation claims.

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect in 2013. The workers compensation provision includes an actuarial assessment of firefighter cancer claims. However, the actuarial assessment is sensitive to changes in assumptions and there is a significant degree of uncertainty associated with estimating future claim and expense payments.

The provision has decreased in 2021 based on observed reduction in the number of incurred but not reported cancer claims and a reduction in the average claim cost.

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

Additional compensation was introduced in 2018 and provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme.

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision was calculated in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported (IBNR) applications. No risk margin is included in the estimate.

MFS is responsible for the payment of additional compensation claims.

There is a degree of uncertainty associated with this estimate. In addition to the general uncertainties associated with estimating future claim and expense payments, the additional compensation provision is impacted by a short claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

8. Other disclosures

8.1. Equity

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

8.2. Cash flow reconciliation

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.

Total cash outflows for leases for MFS was \$533 000 (2019-20: \$463 000).

	2021	2020
	\$'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	343	5 895
Balance as per the Statement of Cash Flows	343	5 895
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	5 456	10 187
Add / (less) non-cash items		
Depreciation and amortisation	(8 290)	(7 819)
Adjustments on initial adoption of AASB 9	-	1
Net gain/(loss) from disposal of non-current assets	(603)	1
Other expenses	-	(393)
Movement in assets and liabilities		
Increase/(decrease) in receivables	(11)	766
(Increase)/decrease in payables	(644)	1 001
(Increase)/decrease in employee benefits	(798)	213
(Increase)/decrease in provisions	5 115	23 644
Net result	225	27 601

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

9. Outlook

9.1. Unrecognised contractual commitments

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

Capital commitments

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

	2021	2020
	\$'000	\$'000
Within one year	13 132	2 739
Later than one year but not later than five years	1 555	-
Total capital commitments	14 687	2 739

These capital commitments are for vehicles and Noarlunga Station.

Expenditure commitments

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

	2021	2020
	\$'000	\$'000
Within one year	8 612	3 743
Later than one year but not later than five years	2 010	3 534
Total expenditure commitments	8 622	7 277

MFS's expenditure commitments are for agreements for contractual commitments relate to information technology, protective firefighting equipment and asset and PPC maintenance.

The above commitments figures do not include the cost of the new Emergency Services Headquarters that parts of the sector will be relocating to in late 2021 as the agreement is not yet finalised.

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.

MFS is not aware of any contingent assets or liabilities.

9.3. Impact of standards and statements not yet effective

MFS has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to MFS, this amending standard is not expected to have an impact on MFS's general purpose financial statements. MFS will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

South Australian Metropolitan Fire Service

Notes to and forming part of the financial statements

For the year ended 30 June 2021

Amending Standard AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current will apply from 1 July 2023. The Department continues to assess liabilities eg LSL and whether or not MFS has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.4. COVID-19 pandemic outlook for MFS

The COVID-19 pandemic will continue to impact the operations of MFS in 2021-22. The key expected impacts are:

- Further significant outbreaks of the COVID-19 pandemic in South Australia would see greater response measures with associated additional expenses.
- Additional expenditure to keep MFS personnel safe while maintaining service delivery to the community.
- Additional expenditure may be incurred due to supplier business restrictions.
- Delays in the delivery of capital programs and increase capital expenditure due to supplier business restrictions and demand.

9.5. Events after the reporting period

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

10. Measurement and risk

10.1. Long service leave

AASB 119 *Employee Benefits* 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 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 to 1.50% in 2020-21 (2019-20: 1.00%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an 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 both the long service leave liability and employee benefits expense of \$1.293 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 DTF left the salary inflation rate at 2.50% 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 Metropolitan Fire Service

Notes to and forming part of the financial statements

For the year ended 30 June 2021

10.2. 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.

Initial Recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

Property, plant and equipment, other than right of use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by MFS each year.

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 \$1.5 Million and estimated useful life is greater than three years.

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

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

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

Fair value hierarchy

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in active market and are derived from unobservable inputs.

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

During 2021 and 2020, MFS 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.2. Fair value (continued)

Fair value classification – non-financial assets at 30 June 2021

	Note	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land	5	61 801	61 801
Buildings	5	70 032	70 032
Vehicles	5	42 952	42 952
Communication equipment	5	1 535	1 535
Computer equipment	5	388	388
Plant and equipment	5	3 404	3 404
Total recurring fair value measurements		180 112	180 112
Total fair value measurements		180 112	180 112

Fair value classification – non-financial assets at 30 June 2020

	Note	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land	5	61 801	61 801
Buildings	5	65 986	65 986
Vehicles	5	43 866	43 866
Communication equipment	5	1 797	1 797
Computer equipment	5	469	469
Plant and equipment	5	3 221	3 221
Total recurring fair value measurements		177 140	177 140
Total fair value measurements		177 140	177 140

Land and buildings

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd as at 1 November 2019. These have been recognised at their carrying amounts from 30 June 2019. The land and buildings values at revaluation were considered relevant for 30 June 2021.

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 \$1.5 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.2. Fair value (continued)

Reconciliation of level 3 recurring fair value measurement at 30 June 2021

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2021

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	61 801	65 986	43 866	1 797	469	3 221	177 140
Capitalised asset transfers	-	7 308	3 540	60	-	558	11 466
Disposals	-	-	(552)	-	-	(6)	(558)
Gains/(losses) for the period recognised in net result:	-	-	-	-	-	-	-
Depreciation and amortisation	-	(3 262)	(3 902)	(322)	(81)	(369)	(7 936)
Total losses recognised in net result	-	(3 262)	(3 902)	(322)	(81)	(369)	(7 486)
Carrying amount at the end of the period	61 801	70 032	42 952	1 535	388	3 404	180 112

Reconciliation of level 3 recurring fair value measurements at 30 June 2020

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	43 075	51 456	26 028	1 696	167	2 298	124 720
Capitalised asset transfers	6	518	256	117	82	826	1 805
Gains/(losses) for the period recognised in net result:	-	-	-	-	-	-	-
Depreciation	-	(2 902)	(3 824)	(294)	(84)	(308)	(7 412)
Transfer into Level 3	5 310	3 042	-	-	-	-	8 352
Total losses recognised in net result	5 310	140	(3 824)	(294)	(84)	(308)	940
Gains for the period recognised in other comprehensive income (OCI)	-	-	-	-	-	-	-
Revaluation increments	13 410	13 872	21 406	278	304	405	49 675
Total gains recognised in OCI	13 410	13 872	21 406	278	304	405	49 675
Carrying amount at the end of the period	61 801	65 986	43 866	1 797	469	3 221	177 140

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.3. Financial instruments

Financial risk management

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

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

Refer to note 7.1 and 7.2 for further information.

Credit risk

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

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. MFS uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

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

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

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

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

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
2021			
Current (not past due)	114	0.14	-
1 - 30 days past due	61	0.37	-
31 - 60 days past due	8	0.70	-
61 - 90 days past due	8	0.87	-
More than 90 days past due	226	0.96	3

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.3. Financial instruments (continued)

Impairment of financial assets (continued)

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

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

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

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

Cash and debt instruments

MFS 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.

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

Market risk

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

Exposure to interest rate risk may arise through its interest-bearing liabilities, including borrowings. MFS' interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. There is no 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

MFS measures all financial instruments at amortised cost excluding lease liabilities which are measured at the present value of expected future cash payments

Maturity analysis of financial instruments

MFS financial assets and liabilities carrying amount represents their fair value and are expected to be settled within one year excluding lease liabilities for which undiscounted cash flows maturity analysis is disclosed in the below table.

	2021	2020
	\$'000	\$'000
Lease Liabilities		
within 1 year	305	268
1 to 5 years	598	1 013
More than 5 years	512	-
Total lease liabilities (undiscounted)	1 415	1 281