



South Australian Country Fire Service

2018-2019 Annual Report

South Australian Country Fire Service

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To: South Australian Fire and Emergency Services Commission (SAFECOM)

This annual report is presented to the SAFECOM Board to meet the statutory reporting requirements of section 101(1) of the *Fire and Emergency Services Act 2005* and meets the requirement within the Premier and Cabinet Circular PC013 "Annual Reporting".

This report is verified to be accurate for the purposes of annual reporting to the SAFECOM Board.

Submitted on behalf of the South Australian Country Fire Service by:

Andrew Stark AFSM

Acting Chief Officer

Date 26/9/2019 Signature 

From the Acting Chief Officer



During 2018-19 the South Australian Country Fire Service (SACFS) has again achieved a huge amount in support of our communities as well as supporting other states and countries. Although the state did not have any significant fires during this fire danger season, this doesn't mean the Service was not busy. Again SACFS has had plenty of incidents, advances in our business and a strong representation on the international scene.

During the year brigades attended 8,812 incidents, as well as 6,967 support responses. Our business is not just in responding to grass fires but structure, road crash, hazardous materials and assisting other agencies. We also provide other services including community education and other engagement activities, and assessment services

Nationally, SACFS participated in three deployments, first in Queensland in December, where their Rural Fire Service had one of their worst fire seasons in history. We sent three strike teams, incident management teams and other support personnel to Queensland. In January and February, we sent incident management teams and specialist remote area firefighters from the DEW to Tasmania to assist with their fires. Finally, after a spate of fires across Victoria, SACFS supplied vehicles and strike teams to assist in three deployments. The ability to deploy large scale resources in a short amount of time shows flexibility and adaptability in emergencies and is testament to the dedication and commitment of our personnel across the state.

SACFS continued to make its mark internationally. In August 2018, we sent firefighters to California in the United States and incident management personnel to British Columbia in Canada. We also delivered training in the Federated States of Micronesia, and Kiribati.

The rollout of the second set of personal protective clothing (PPC) concluded at the end of the financial year and this is now the standard for our personnel. It has been a big project and it is satisfying to see volunteers being fitted out with the latest protective clothing to reduce the risk and exposures they face. A component of this work includes the introduction of a female design PPC that will be available in the future to better accommodate our women firefighters.

The Fire Safety System retrofit continues, with more protection provided to our older fleet. This has given us an opportunity to check these vehicles to ensure they are fit for service and provide adequate safety for our volunteer crews.

Project Renew has provided additional funds for us to upgrade our brigade facilities. We have not seen such funding in the past so it is good to see outstanding repairs and upgrades made to benefit our members.

SACFS is leading the social research for the new Australian Fire Danger Rating System project. By being at the forefront of this research, SACFS is able to ensure that South Australians will be well equipped with information going into future fire seasons.

Our agency is also working with SAFECOM, SASES and SAMFS to plan for a new state headquarters precinct. A key requirement of the new headquarters will be access for volunteers, it is planned to have onsite parking and it will provide an opportunity for our members to visit regularly and utilise the facilities for a range of SACFS activities.

In closing I also wish to acknowledge the retirement of Greg Nettleton AFSM as Chief Officer in early July 2019. Greg was SACFS Chief Officer for eight and a half years and all at SACFS thank him for his dedication, commitment and unwavering support for the volunteers and the entire Service.

ANDREW STARK AFSM
ACTING CHIEF OFFICER
SA COUNTRY FIRE SERVICE

Contents

Overview: about the agency	6
Our strategic focus.....	7
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	10
Agency contribution to whole of Government objectives.....	12
Agency specific objectives and performance	13
Corporate performance summary	16
Employment opportunity programs	18
Agency performance management and development systems.....	18
Work health, safety and return to work programs	20
Executive employment in the agency.....	22
Financial performance	23
Financial performance at a glance	23
Consultants disclosure (SACFS).....	23
Consultancies with a contract value below \$10,000 each.....	24
Contractors disclosure	24
Risk management	26
Risk and audit at a glance.....	26
Fraud detected in the agency.....	26
Strategies implemented to control and prevent fraud.....	26
Whistleblower disclosure	26
Reporting required under any other act or regulation	27
Reporting required under the <i>Carers' Recognition Act</i> 2005.....	27
Public complaints	27
Number of public complaints reported (as required by the Ombudsman)	27
Service improvements for period	27
Appendix: Audited financial statements 2018-19	28

Overview: about the agency

The South Australian Country Fire Service is South Australia's largest volunteer based organisation, providing an emergency service dedicated to protecting life, property and environmental assets in rural and semi-urban areas of South Australia.

Our Service works with other government and private sector agencies, industry and the community to reduce risks, control hazards and assist in recovery programs.

SACFS consists of 162 full-time equivalent employees, and 13,274 volunteers (firefighters, cadets, operational support) providing a range of fire and emergency services to rural and semi-urban communities across South Australia. The extraordinary contribution of our volunteers is vital in ensuring the ongoing delivery of fire and emergency services to South Australia.

In addition, we perform an important role, with local government and other government agencies, in fuel reduction prescribed burning activities, bushfire prevention, and community bushfire and fire safety education.

Our business is predicated on risk management principles, of which safety is a key priority, and is incorporated into our business planning processes.

Our Key Result Areas are:

- Community and Environmental Risk Reduction
- Organisational Preparedness
- Effective Emergency Response and Management
- Valuing and Supporting our People
- Managing our Business Better

SACFS has a strong focus on frontline service delivery to the community and supports communities through the delivery of community programs and raising awareness of bushfire risk and behaviour.

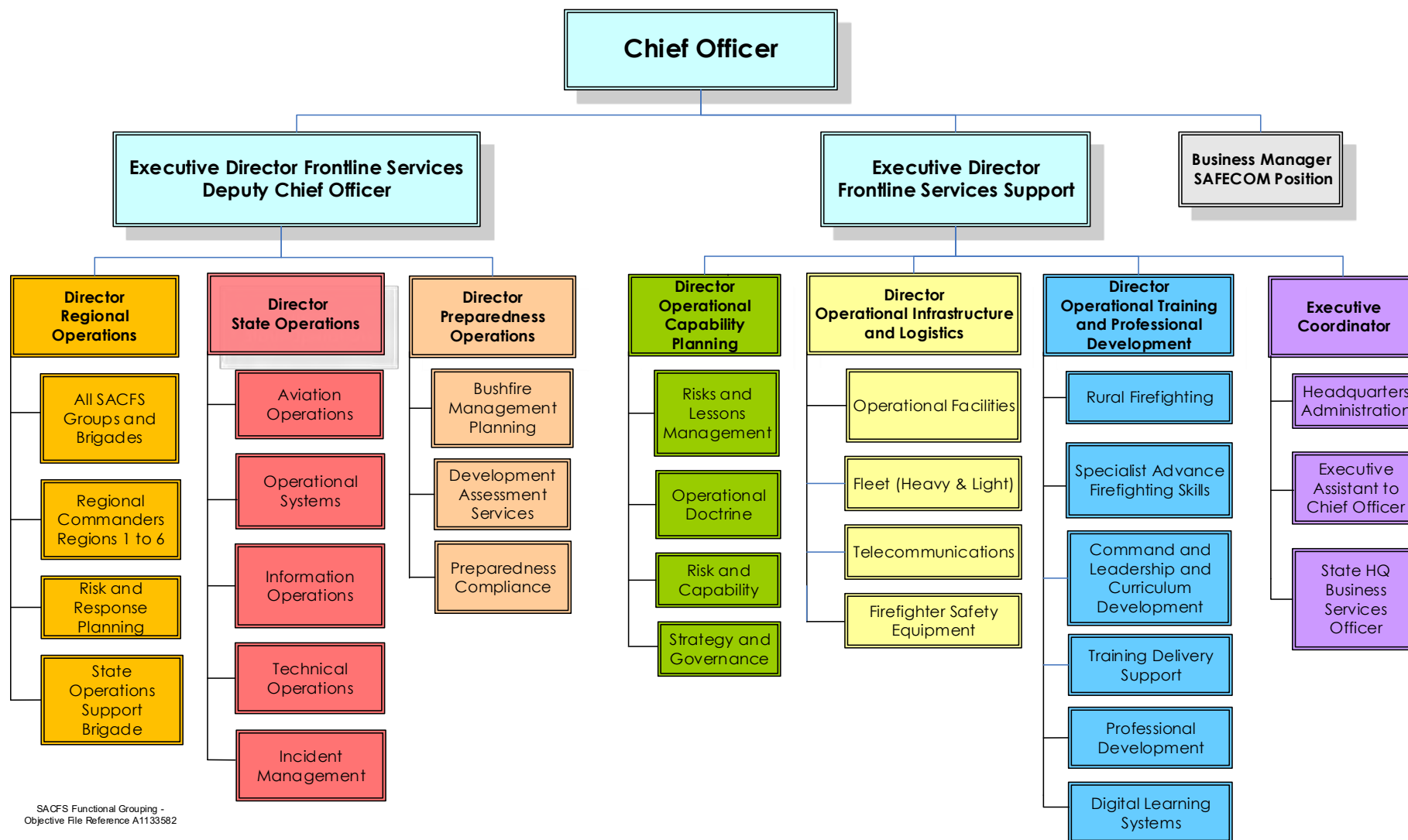
Our strategic focus

Our Purpose	SACFS is an all hazards agency providing response and prevention services to bushfire and structure fires and response services to motor vehicle fires, road crash rescue and hazardous material spills.
Our Vision	A trusted and effective community based fire and emergency service.
Our Values	<p>SACFS achieve outcomes through our people.</p> <p>We do what we do because we believe in our communities.</p> <p>Our achievements are the result of working together.</p> <p>We will be judged by what we do rather than what we say.</p>
Our functions, objectives and deliverables	<p>SACFS serves communities through dedicated volunteers delivering professional fire and rescue services to outer metropolitan, regional and rural South Australia.</p> <p>Our objectives are to:</p> <ul style="list-style-type: none"> • provide frontline services with the aim of preventing the outbreak of fires, reducing the impact of fires, and preparing communities through comprehensive community engagement programs • provide efficient and responsive frontline services for the purpose of fighting fires, dealing with other emergencies or undertaking any rescues • protect life, property and environmental assets from fire and other emergencies • develop and maintain plans to cope with the effects of fires or emergencies • provide services or support to assist with recovery in the event of a fire or other emergency.

Our organisational structure

Functional Grouping as at 30 June 2019

SA Country Fire Service



SACFS Functional Grouping -
Objective File Reference A1133582

Changes to the agency

During 2018-19 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 Honourable Corey Wingard MP is the Minister for Police, Emergency Services and Correctional Services.

Our Executive team



Chief Officer – 2011-2019 (Greg Nettleton AFSM)

Holds overall responsibility for SACFS.

Reporting to the Chief Officer are the:

- Executive Director Frontline Services, and
- Executive Director Frontline Services Support

Chief Officer Nettleton retired in July 2019.



Executive Director / Deputy Chief Officer (Andrew Stark AFSM) responsible for all **Frontline Services** in charge of:

- Preparedness Operations,
- Regional Operations, and
- State Operations.



Executive Director (Ann De Piaz) responsible for **Frontline Services Support** including:

- Operational Capability Planning,
- Operational Infrastructure & Logistics, and
- Operational Training and Professional Development.

Legislation administered by the agency

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 Metropolitan Fire Service (SAMFS)

South Australian State Emergency Service (SASES)

The Agency's performance

Performance at a glance

The 2018-19 financial year has been busy for the volunteers and staff in SACFS. Fortunately, we had limited major fires within our own borders, but were called on to support our sister agencies interstate and overseas. Despite only one campaign fire on Kangaroo Island, there was an increase in overall callouts, ensuring crews were kept busy.

Our services have extended internationally and include significant contribution in the Pacific region supporting the Republic of Kiribati to build an emergency response capability.

Future Directions program: A community survey was conducted to explore the relationship with the communities we serve, as a precursor to development of our 2021-25 Strategic Plan. The survey identified opportunities to enhance our workforce in terms of leadership development, succession planning and diversity. As a result, SACFS has implemented the Breaking Barriers Series to be conducted over the next two years to examine and overcome any barriers in our workforce.

Major campaign deployment of volunteers and staff

Canadian and USA fires	In August 2018, SACFS and DEW deployed six personnel to the USA and Canada as part of the Australian national assistance to these countries in relation to their wildfire emergencies. The staff deployed to the USA were employed as divisional and sector commanders and a heavy equipment boss, while the staff sent to Canada were employed in incident management teams in planning and public information roles as well as an aerial ignition specialist.
NSW fires	One person was deployed to NSW in September 2018 to support aviation operations during bushfires on their South Coast.
Queensland fires	In early December 2018, SACFS deployed three sets of strike teams, two incident management teams and multiple support personnel to help Queensland deal with close to 200 bushfires that were burning across the state.

Tasmanian fires	<p>In February 2019, SACFS and DEW deployed incident management personnel to support TasFire in the management of the Great Pine Tier fire located in central Tasmania. We saw 16 staff members and 15 senior volunteers perform key roles within the incident management teams. SACFS provided the logistic management for deployment to Tasmania for the DEW Remote Area Firefighting Teams.</p> <p>There were seven rotations to Tasmania for this bushfire response.</p>
Victorian fires	SACFS deployed strike teams plus specialist personnel to Gippsland, Victoria three strike team rotations deployed to Victoria in March 2019.
Kangaroo Island fire	SACFS also deployed a Level 3 Incident Management Team and firefighting capability to a significant bushfire incident on Kangaroo Island in December 2018.

Incidents of significance at a glance 2018-19

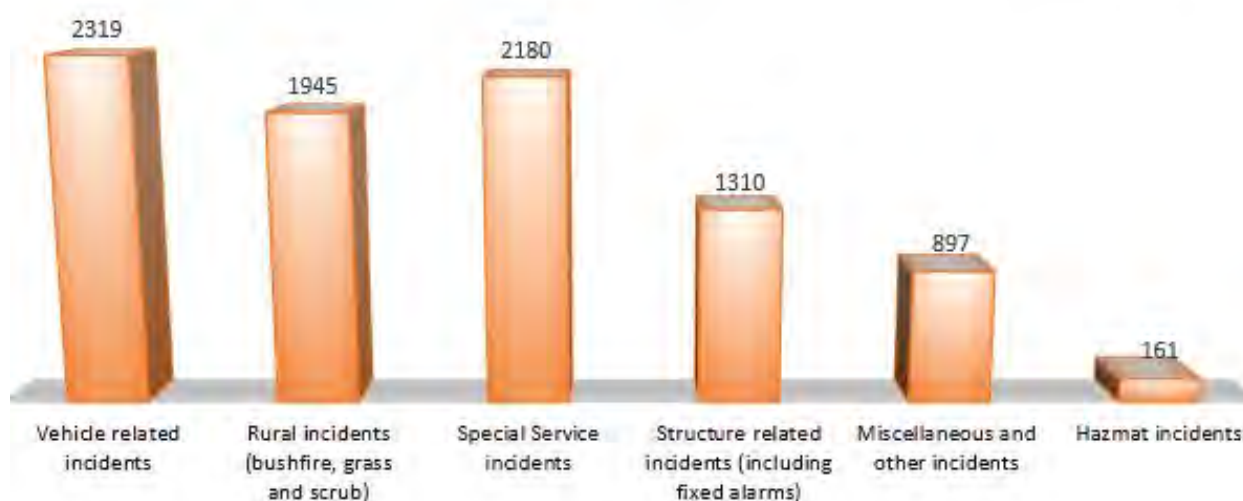


In September 2018 SACFS crews from Ernabella and Amata brigades worked to stop the spread of a fire burning in inaccessible terrain for several days; and in February fire burnt through the Anangu Pitjantjatjara Yankunytjatjara (APY Lands).

Local brigades contribute to out-of-area deployments to assist neighbouring communities and communities elsewhere in the state and interstate where required.

Response to fire and other emergencies

SACFS VOLUNTEERS RESPONDED TO 8 812 INCIDENTS DURING 2018-2019



Agency contribution to whole of Government objectives

- SACFS has engaged its personnel in reviewing terms and conditions for enterprise bargaining negotiations to achieve a successful Enterprise Agreement in accordance with Section 39.1.3 of the *South Australian Modern Public Sector Enterprise Agreement: Salaried 2017*.
- Extensive consultation has been undertaken with communities in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands to support the development of the Outback Bushfire Management Area Plan, which is the last bushfire plan to be completed in accordance with the *Fire and Emergency Services Act 2005*.
- SACFS has been actively engaged in the review of the *Fire and Emergency Services Act 2005* and has consulted with key stakeholders including the forestry industry and the SACFS Volunteers Association to ensure SA legislation meets community expectations and effective governance.
- SACFS has responded to new Chain of Responsibility legislation and designed new programs to ensure SACFS volunteers are equipped with the necessary training and information. Heavy fleet systems for mechanical assurance and appropriate reporting have also been established for introduction in September 2019.
- Implementation of a new membership and training data management system will ensure good governance and improved membership management.

Key objective	Agency's contribution
More jobs	Project Renew - Local suppliers have been used where possible (for construction and maintenance) to deliver facilities upgrades. Heavy vehicle fleet safety upgrades – a regional supplier has been engaged to deliver safety system upgrades.
Lower Cost	SACFS contractor procurement is in accordance with government protocols to achieve best value for money.
Better Services	Risk prevention is conducted in communities to improve preparedness to reduce incident impact. Response capability is being maximised, as well as training and community engagement.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Finalise the Outback Bushfire Management Area Plan (BMAP).	This is the ninth and final BMAP to be delivered. The Plan is complete and is waiting on final endorsement at the next meeting of the State Bushfire Coordination Committee scheduled for September 2019.	In order to conduct risk identification and asset validation more than 80 townships, communities and homelands were visited, along with more than 60 stakeholder and community group meetings held (with 24 000 kilometres travelled).
Establish and implement the new aerial firefighting Primary Response Zone (PRZ) for the Mid North.	The Mid North aerial PRZ was successfully implemented during October 2018, with the operational review completed in April 2019.	The existing Hoyleton aerial firefighting base was upgraded to a PRZ. It is the fourth SACFS PRZ, adding to those already in place in the Mount Lofty Ranges, the Lower Eyre Peninsula and Lower South East. The increase in the number of firefighting aircraft will provide greater support to ground-based rural firefighters across the state.

Agency objectives	Indicators	Performance
Deliver a communication plan to improve the way SACFS connect with all volunteers and staff.	An internal communications review was conducted with recommendations to hold monthly Chief Officer's briefings to all staff, a monthly electronic news bulletin to all members, and a Headquarters open day for volunteers.	<p>The open day was held on Saturday 3rd November 2018 with 13 staff and more than 60 volunteers participating.</p> <p>All communications actions have been implemented and volunteer training has been scheduled and commenced for improved volunteer engagement with the volunteer portal.</p>
Develop and implement a SACFS major event plan to support the 2019 World Scout Jamboree held at Tailem Bend including the establishment of a temporary fire station for the event.	Successfully developed and delivered the major event plan for the 2019 Scout Jamboree and the Tour Down Under series.	Selected staff and 120 volunteers were deployed to support these public events during January 2019.
Plan, procure and deliver fire station/facility upgrade and maintenance (Project Renew) to enable improved volunteer service delivery to communities.	SACFS is delivering the Government's \$5m election commitment over two years to invest in facilities upgrades used by SACFS volunteers.	52 projects were delivered in the 2018-19 financial year, of a total of 195 approved for completion.
Undertake capital planning, procurement and construction of new fire stations.	The 2018-19 Capital Program delivered projects as planned.	<p>New stations were delivered to Western Districts (Kangaroo Island) and Woomoolool, with Piccadilly station under development, Tarlee and Tailem Bend within tendering process, and Mt Burr awaiting development approval.</p> <p>Each project met their scheduled timeframe and were within budget.</p>

Agency objectives	Indicators	Performance
Prepare and plan for the National Heavy Vehicle Regulation, Chain of Responsibility implementation.	SACFS was successful in the 2019/20 State Budget for funding this implementation program to support the National Heavy Vehicle Regulation, Chain of Responsibility legislative change.	In the 2018-19 financial year, a newly created position of Operational Response Vehicles Fleet Officer was established, and Regional Operational Fleet Officers and a Fleet Planning Officer will be appointed in the 2019/20 financial year to implement and maintain this program.
Procure and delivered new fire trucks to brigades across the state.	SACFS has delivered all truck builds in accordance with programmed schedules.	<p>Delivered 22 of the 42 trucks under the 2017/18 build, and the 2018-19 build delivery of 37 trucks is expected to commence in December 2019 and completed by 2020.</p> <p>Our major body builder has established a local facility for final fitout and warranty support.</p>
Fire Truck Safety Systems: Retrofit of safety systems and accelerated single cab fire truck replacement.	A total of 100 trucks have been retrofitted as part of the project.	<p>The associated vehicle safety inspection has identified rust and other issues with many trucks requiring repair in order to maintain operational viability and crew safety. This has caused program delays.</p> <p>The program is due for completion in 2020, but may be extended due to the additional repair effort.</p>
Review of the SACFS employee classification and Terms and Conditions, in accordance with section 39.1.3 contained within the SA Modern Public Sector Enterprise Agreement: Salaried 2017.	Work on the Terms and Conditions project is progressing and a proposal is under workforce review.	<p>Consultation is continuing. Agency review of the clause is complete, with a revised clause developed for consultation.</p> <p>SACFS contributed to funding for a SAFECOM resource to assist this project.</p>

Agency objectives	Indicators	Performance
Transition (under SACFS Registered Training Organisation status) of the Public Safety Training Package fire qualifications and units of competency for new national requirements.	<p>Commonwealth endorsement was achieved in July 2019 and there is a legislative requirement to complete the transition by July 2020.</p> <p>Includes modules associated with Incident Management, Rural Operations, Aviation Operations, Rescue and Special Services, Urban and Special Risk Fires, Hazmat and CBRN-E to</p>	This work was unable to be achieved in the 2018-19 financial year due to a delay in the Commonwealth Government endorsement process of the new Public Safety Training Package.

Corporate performance summary

New SACFS State Headquarters	<p>SACFS will be joining SAFECOM and other sector agencies in a new State HQ, expected by end 2021.</p> <p>DPTI is managing the project on behalf of the Government, with an open Request for Proposal completed and a shortlist of four tenderers identified. A restricted Request for Tenders has been issued against a formal specification for evaluation and contract award in the 2019-20 financial year.</p>
Kiribati Fire and Emergency Service capability development	<p>Under the twinning arrangement with the Kiribati Fire and Emergency Service, SACFS continues to provide training and resources to develop the Kiribati response capability.</p> <p>SACFS has delivered:</p> <ul style="list-style-type: none"> • Fire response training to 28 members of the police force. • Community safety scoping (including relationship development) and preparation of a community safety plan. • The <i>Strategic Road Map Emergency Management – Kiribati</i>, jointly with the Kiribati Government and Pacific Island Emergency Management Alliance (PIEMA). • Training courses in emergency management conducted in Micronesia. • Two fire trucks to provide a response capability to the nation's capital, with two additional fire trucks being prepared for shipment. <p>This support project is ongoing and funded externally.</p>
Leigh Creek station	<p>Leigh Creek station has transitioned from industry ownership (Alinta) to a volunteer brigade. Additional response equipment is being procured to meet its revised response requirements.</p>

Mt Barker station	Elements of Mt Barker Brigade response operations will transition to a new retained SAMFS station on 1 July 2019. Mt Barker SACFS Brigade will remain for rural, road crash and urban backup response.
Mintabie station	Mintabie station will close as a result of government direction, once all SACFS members have departed the township. This will result in a reduced capability on the Stuart Highway near Marla, which is unable to be resolved with the ongoing reduction of communities.
Bushfire Safer Places	<p>105 Bushfire Safer Places have been established throughout South Australia. These are located in areas which have been assessed through on-site inspections as being at a satisfactory distance from vegetation so to be safe from radiant heat and bushfire attack. Given landscape and population changes, particularly in the Mt Lofty Ranges, the location and siting of some of these Bushfire Safer Places are currently being reviewed.</p> <p>SACFS is targeting an additional ten bushfire safer places scattered through the Outback and the Flinders Ranges areas.</p>
Development Assessment Services (DAS) - development control in bushfire prone areas.	<p>SACFS is the designated referral agency for the provision of technical advice on planning matters as they relate to the protection of buildings in bushfire prone areas under the Development Act 1993 as well as for large commercial buildings in SACFS response areas.</p> <p>In 2018-19 DAS processed 644 residential and 208 commercial applications. Of these, 84 per cent were completed within the legislative timeframes, a small number granted extensions by the planning authority and the remainder delayed by staff workload and operational duties.</p> <p>DAS staff are aiding the Department for Planning, Transport and Infrastructure (DPTI) with their planning and building reform project, by assisting with new mapping for bushfire areas, and the development of new policy for the Planning and Design Code.</p>
EMERALD personnel administration system	The delivery project completed in June, and has transitioned to a maintenance support contract. Training records are being migrated to the new environment.

Employment opportunity programs

SACFS continues to welcome new volunteers into brigades across South Australia including cadet members under 16 year of age.

The training provided by SACFS enables members to acquire transferrable skills such as leadership and teamwork. These skills provide career opportunities to the individual and additional capabilities to businesses.

The expansion of indigenous brigades in the APY Lands has also achieved broader social improvements in traditional communities and homelands in remote areas where our skill development would otherwise be limited.

Program name	Performance
Project Renew	This project delivers the Government's \$5m election commitment over two years to invest in facilities upgrades used by SACFS volunteers. Local suppliers have been used where possible to deliver these upgrades, providing a boost to local employment in regional SA.
Fire Truck Safety Systems	This project delivers a retrofit of safety systems to many dual cab appliances in the SACFS heavy fleet and includes other repair work being identified during initial inspections. The work is being performed in Murray Bridge, providing a boost to that region's economy.

Agency performance management and development systems

Performance management and development system	Performance
SACFS Staff Capability Framework	<p>SACFS continues to mandate that all staff participate in the Professional Development Program based on the AFAC Leadership Capability Framework with annual two-day events provided to all staff since 2016.</p> <p>In 2018-2019, SACFS' Leadership Capabilities – One Team (Strategic Agility and Inclusiveness) was delivered by an external provider. 153 staff completed this year's workshop, constituting a 96 per cent attendance rate.</p>

Australian Institute of Police Management (AIPM) Graduate Certificate in Applied Management (Policing and Emergency Services)	<p>One staff member is funded to attend each year.</p> <p>The Graduate Certificate in Applied Management (Policing and Emergency Services) is a nationally accredited qualification and is the first step towards the AIPM Graduate Diploma of Executive Leadership and is recognised as a cornerstone program in the development of public safety leaders that prepares participants for more complex roles within their organisation.</p>
Australian Institute of Police Management (AIPM) Developing Future Leaders Program	<p>Four volunteers and staff attended program in Manly, New South Wales.</p> <p>Developing Future Leaders is an intensive five-day residential program held at the AIPM in Manly on behalf of the Australasian Fire and Emergency Service Authorities Council. It is a professional development opportunity for both operational and non-operational personnel who have demonstrated leadership potential through workplace activities and community involvement.</p>
SAFECOM Planned Review and Development (PRD) Program	<p>151 SACFS employees (over 93 per cent) attended PRD training sessions, conducted by SAFECOM in 2019. Staff and their managers are now exercising these skills within programmed PRD sessions.</p>
I Work for SA survey – Your Voice Survey	<p>35 SACFS employees (22 per cent) participated in the Office of the Public Sector sponsored Your Voice Survey.</p> <p>SACFS executive team has developed, and is implementing, an action plan to resolve concerns raised by employees.</p>
Future Directions Program	<p>The SACFS Future Directions program commenced in late 2018 to start preparations for the 2021-25 Strategic Plan. Early planning of this program was crucial with the transition to the new headquarters expected in late 2021.</p> <p>Strategic goals were developed by the Executive Leadership team and verified by a staff and volunteer working group in February 2019.</p> <p>An external market research activity was undertaken in March 2019 to gauge perceptions of the Service from both within our brigades and the wider community.</p>
Breaking Barriers Series	<p>The Breaking Barriers series was developed in response to the market research report into member and community perceptions. To address the key recommendations, the series will include workshops on leadership, women, recruitment, succession planning, diversity, ageism and progression to leadership.</p> <p>The first workshop on women in leadership was conducted in June 2019 and was well attended.</p>

Work health, safety and return to work programs

Program name	Performance
Work Health and Safety (WHS) Workplace and Asbestos Inspection Program	150 WHS workplace and asbestos inspections were scheduled and undertaken at SACFS facilities (including groups and brigades) across the State as part of a rolling safety inspection program. Project Renew is accelerating asbestos removal in at-risk sites.
State WHS Consultation Program	There are over 60 health and safety representatives elected to represent both volunteers and staff, sitting on state and regional WHS committees, as well as volunteer management committees. There is a regular meeting schedule of at least one meeting per quarter.
Project Renew	Through the additionally funded program to accelerate facility upgrade and maintenance, significant improvements are being made to volunteer safety and welfare by resolving long standing safety and amenities issues.
Heavy Vehicle Chain of Responsibility Implementation	In meeting its obligations under the National Heavy Vehicle Chain of Responsibility legislative change SACFS, as the largest heavy fleet operator in the State, will have a regulatory environment which will provide an enhanced level of safety for our response crews. Planning and recruiting under this program commenced in the 2018-19 financial year with implementation to commence in the 2019-20 financial year.
Fire Truck Safety Systems	By retrofitting of safety systems (in-cab breathing apparatus and cabin deluge) to dual cab fire trucks, and accelerating replacement of single cab fire trucks, SACFS is offering an enhanced level of protection for more crews on the fire ground.
Sector Wellbeing Intervention Program	This program covers Employee Assistance Program (EAP) referrals, critical incident stress response and the Stress Prevention and Management (SPAM) helpline. There were 76 new referrals to the SPAM helpline through the EAP. Referrals include family members. There have been 29 group sessions for Critical Incident Stress Response.
Mental Health and First Aid Training	Internal awareness programs continue in the SACFS in relation to mental health and wellbeing. The Mental Health First Aid Project is to ensure that the service has people trained in recognising and providing first response for mental health in the workplace. 166 SACFS personnel (19 staff and 147 volunteers) have been trained.

Workplace injury claims	Current year 2018-2019	Past year 2017-2018	% Change (+ / -)
Total new workplace injury claims	44	46	-2
Fatalities	0	0	0
Seriously injured workers*	0	0	0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	13.16	40.00	-26.84

*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)

NOTE: SACFS has 10 open presumptive cancer claims and one open non-presumptive cancer claim

Work health and safety regulations	Current year 2018-2019	Past year 2017-2018	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	8	11	-27.3
Number of provisional improvement, 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 2018-2019	Past year 2017-2018	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$1,318,997	\$1,323,648	-\$4,651
Income support payments – gross (\$)	\$670,337	\$156,634	\$513,704

**before third party recovery

Data for the past five years is available at: [CFS Work Health and Safety - Datasets - data.sa.gov.au](https://data.sa.gov.au)

Executive employment in the agency

Executive classification	Number of executives
EXEEOA	1
EXECOB	1
EXECOC	1

Data for the past five years is available at:

https://data.sa.gov.au/data/dataset?_organization_limit=0&organization=sa-country-fire-service

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 2018-19 are attached to this report.

	2018-2019 \$'000
Total Expenses	96 215
Total Income	6 047
Revenues from SA Government	95 680
Net Result	5 512
Capital Program	17 108

Expenses

Total expenses include depreciation, Government Radio Network charges, employee expenses, the provision of protective clothing, operational consumables, minor equipment, fuel, repairs and maintenance, travel, site rental, and other day to day costs of running SACFS.

Total expenses for SACFS were higher in 2018-2019 mainly due to interstate and international deployments and aerial firefighting costs.

Income and Revenues from SA Government

SACFS is primarily funded by contributions from the Community Emergency Services Fund (revenues from SA Government). Other income sources for SACFS include Commonwealth Government grant contribution towards the cost of aerial firefighting, fees and charges, one-off project grants and fundraising by brigades.

Capital

The SACFS capital program is used to replace ageing fire appliances, fire equipment, brigade stations and other operational equipment. An increase in capital was noted due to Project Renew funds.

Consultants disclosure (SACFS)

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	\$13 930

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

Consultancies	Purpose	\$ Actual payment
Metrix Consulting	National Fire Danger Rating evaluation	\$400 750
New Focus	Market research to support future strategic direction for SACFS	\$39 500
	Total	\$440 250

Data for the past five years is available at:

[https://data.sa.gov.au/data/dataset? organization_limit=0&organization=sa-country-fire-service](https://data.sa.gov.au/data/dataset?organization_limit=0&organization=sa-country-fire-service)

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value.

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) 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	\$39 594

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

Contractors	Purpose	\$ Actual payment
Bureau of Meteorology	Fire weather briefing and support services	\$264 445
Phil Richards	Air attack supervisor for the Fire Danger Season	\$66 384

Contractors	Purpose	\$ Actual payment
Protexion Consulting Pty Ltd	Air operations activity for the Fire Danger Season	\$65 685
Anthony Byrnes	Retainer fee for contracted aircrew for the Fire Danger Season	\$59 912
Bureau of Meteorology	Creation of 18 year reanalysis	\$52 500
Operational Support Services	Air operations/active standby	\$40 384
James Blackmore	Air attack supervisor for the Fire Danger Season	\$36 976
Cleanaway	Waste management	\$19 770
Centricminds	Volunteer Portal page redesign	\$19 015
TMK Consulting	Soil contamination test	\$11 780
Centricminds	CFS maps hosting migration	\$10 500
Quark & Associates	Review of CFS team	\$10 491
	Total	\$657 842

Data for previous years is available at: [insert hyperlink to specific data.sa page and ensure data sources are referenced.](#)

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

Risk and audit at a glance

SACFS participates in the SAFECOM Audit and Risk Committee pursuant to section 19(1) of the *Fire and Emergency Services Act 2005* and provides independent assurance and assistance to the SAFECOM Board on the Emergency Sector's risk, control and compliance framework and its external accountability responsibilities.

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

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

- Policies, procedures and systems are in place to prevent, detect and report on fraud and dishonesty.
- SACFS maintains an asset register of attractive items and stocktakes this register on a regular basis.
- SACFS undertakes an independent audit of credit card transactions annually of all staff and a percentage of randomly selected volunteers.
- Volunteers annual returns process.
- Receipt of an unqualified audit report for this financial year.

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset?organization=sa-country-fire-service>

Whistleblower disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the Whistleblowers Protection Act 1993.

Number of instances	nil
---------------------	-----

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset?organization=sa-country-fire-service>

Reporting required under any other act or regulation

Nil

Reporting required under the *Carers' Recognition Act 2005*

N/A

Public complaints

Number of public complaints reported (as required by the Ombudsman)

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	2
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	1
		Total	3

Data for previous years is available at: :

<https://data.sa.gov.au/data/dataset/showcases/cfs-complaints-received>

Service improvements for period

Service improvements that responded to customer feedback
SACFS completed the Outback Areas Bushfire Management Plan and consulted broadly with community stakeholders to address feedback. This approach was a new initiative to respond to indigenous communities and their engagement.

Appendix: Audited financial statements 2018-19

South Australian Country Fire Service (CFS)

Financial Statements

For the year ended 30 June 2019

South Australian Country Fire Service
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the South Australian Country Fire Service:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Country Fire Service
- present a true and fair view of the financial position of the South Australian Country Fire Service as at 30 June 2019 and the results of its operations and cash flows for the financial year

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



Andrew Stark

A/Chief Officer

South Australian Country Fire Service

13 September 2019



Lisa Lew

Business Manager

South Australian Country Fire Service

13 September 2019

South Australian Country Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2019

		2019	2018
	Note	\$'000	\$'000
Expenses			
Employee benefits	2.3	27 916	26 304
Supplies and services	3.1	56 358	50 863
Depreciation and amortisation	3.2	11 499	11 467
Grants and subsidies	3.3	442	427
Net loss from the disposal of non-current and other assets	3.4	-	4
Total expenses		96 215	89 065
Income			
Fees and charges	4.2	2 695	1 341
Grants and contributions	4.3	2 694	2 404
Interest	4.4	87	133
Net gain from the disposal of non-current and other assets	3.4	19	-
Other income	4.5	552	432
Total income		6 047	4 310
Net cost of providing services		90 168	84 755
Revenues from / (payments to) SA Government			
Revenues from SA Government	4.1	95 680	77 429
Total net revenues from SA Government		95 680	77 429
Net result		5 512	(7 326)
Total comprehensive result		5 512	(7 326)

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 Country Fire Service
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	21 811	11 687
Receivables	6.2	5 581	3 435
Other financial assets	6.3	2 178	2 417
Non-current assets held for sale	6.4	742	742
Total current assets		30 312	18 281
Non-current assets			
Property, plant and equipment	5.1	180 731	175 447
Intangible assets	5.2	-	1
Total non-current assets		180 731	175 448
Total assets		211 043	193 729
Current liabilities			
Payables	7.1	10 447	7 385
Employee benefits	2.4	2 738	2 611
Provisions	7.2	2 777	1 674
Total current liabilities		15 962	11 670
Non-current liabilities			
Payables	7.1	397	314
Employee benefits	2.4	4 242	3 318
Provisions	7.2	18 163	11 661
Total non-current liabilities		22 802	15 293
Total liabilities		38 764	26 963
Net assets		172 279	166 766
Equity			
Asset revaluation surplus		45 703	45 703
Retained earnings		126 576	121 063
Total equity		172 279	166 766

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

South Australian Country Fire Service
Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2017		45 703	128 389	174 092
Net result for 2017-18		-	(7 326)	(7 326)
Total comprehensive result for 2017-18		-	(7 326)	(7 326)
Balance at 30 June 2018		45 703	121 063	166 766
Adjustments on initial adoption of AASB 9		-	1	1
Adjusted balance at 1 July 2018		45 703	121 064	166 767
Net result for 2018-19		-	5 512	5 512
Total comprehensive result for 2018-19		-	5 512	5 512
Balance at 30 June 2019		45 703	126 576	172 279

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

South Australian Country Fire Service
Statement of Cash Flows
for the year ended 30 June 2019

		2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefits payments		(19 135)	(19 044)
Supplies and services		(58 875)	(55 526)
Grants and subsidies payments		(442)	(427)
Cash used in operations		(78 452)	(74 997)
Cash inflows			
Fees and charges		1 591	1 575
Receipts from grants and contributions		2 694	462
Interest received		87	133
GST recovered from the ATO		4 502	5 783
Other receipts		553	432
Cash generated from operations		9 427	8 385
Cash flows from SA Government			
Contributions from Community Emergency Services Fund		93 151	77 330
Other receipts from SA Government		2 529	99
Cash generated from SA Government		95 680	77 429
Net cash provided by / (used in) operating activities	8.1	26 655	10 817
Cash flows from investing activities			
Cash outflows			
Purchase of investments		239	(31)
Purchase of property, plant and equipment		(17 108)	(17 869)
Cash used in investing activities		(16 869)	(17 900)
Cash inflows			
Proceeds from sale of property, plant and equipment		338	300
Cash generated from investing activities		338	300
Net cash provided by / (used in) investing activities		(16 531)	(17 600)
Net increase / (decrease) in cash and cash equivalents		10 124	(6 783)
Cash and cash equivalents at the beginning of the reporting period		11 687	18 470
Cash and cash equivalents at the end of the reporting period	6.1	21 811	11 687

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

1. About the South Australian Country Fire Service.....	7
1.1. Basis of preparation.....	7
1.2. Objectives and programs.....	7
1.2. Objectives and programs (continued).....	8
1.3. Budget performance	9
1.4. Significant transactions with government related entities.....	10
2. Board, committees and employees	11
2.1. Key management personnel.....	11
2.2. Remuneration of board and committee members	11
2.3. Employee benefits expenses.....	12
2.4. Employee benefits liability	13
3. Expenses	14
3.1. Supplies and services.....	14
3.2. Depreciation and amortisation.....	15
3.3. Grants and subsidies	15
3.4. Net gain / (loss) from disposal of non-current assets	16
4. Income	17
4.1. Revenues from / (payments to) SA Government.....	17
4.2. Revenues from fees and charges.....	17
4.3. Grants and contributions.....	18
4.4. Interest revenues	18
4.5. Other income	18
4.6. Resources received free of charge.....	18
5. Non-financial assets	19
5.1. Property, plant and equipment	19
5.2. Intangible assets.....	21
6. Financial assets	22
6.1. Cash and cash equivalents.....	22
6.2. Receivables	23
6.3. Other financial assets	23
6.4. Non-current assets classified held for sale.....	24
7. Liabilities	25
7.1. Payables	25
7.2. Provisions	26
8. Other disclosures	28
8.1. Cash flow reconciliation.....	28

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9. Changes in accounting policy.....	29
9.1. Treasurer's Instructions (Accounting Policy Statement).....	29
9.2. AASB 9 Financial Instruments.....	29
10. Outlook	31
10.1. Unrecognised contractual commitments	31
10.2. Contingent assets and liabilities	31
10.3. Impact of standards and statements not yet effective	32
10.4. Events after the reporting period	35
11. Measurement and risk.....	35
11.1. Long service leave.....	35
11.2. Fair value	36
11.3. Financial instruments.....	40

South Australian Country Fire Service

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the South Australian Country Fire Service

Under the *Fire and Emergency Services Act 2005* (the Act), the South Australian Country Fire Service (CFS) is a body corporate, an agency of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of CFS.

1.1. Basis of preparation

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

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

For the 2018-19 financial statements CFS adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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.

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.

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.

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

The CFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as CFS is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by CFS for the period ending 30 June 2019.

1.2. Objectives and programs

Objectives

The CFS is a volunteer based, not-for-profit body corporate established under 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 the country
- to provide efficient and responsive services in the country 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 the country
- to develop and maintain plans to cope with the effects of fires or emergencies in the country
- to provide services or support to assist with recovery in the event of a fire or other emergency in the country
- to perform any other function assigned to CFS by or under this or any other Act.

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

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

Programs

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Budget performance

The budget performance table compares CFS outcomes against budget information presented to Parliament (2018-19 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.

		Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits	a	16 770	27 916	11 146
Supplies and services		51 974	56 358	4 384
Depreciation and amortisation		10 265	11 499	1 234
Grants and subsidies		399	442	43
Other expenses		826	-	(826)
Total expenses		80 234	96 215	15 981
Income				
Fees and charges		1 317	2 695	1 378
Grants and contributions		2 079	2 694	615
Interest		109	87	(22)
Gain on disposal of non-current assets		-	19	19
Other income		913	552	(361)
Total income		4 418	6 047	1 629
Net cost of providing services		75 816	90 168	14 352
Revenues from / (payments to) SA government				
Revenues from SA Government		95 573	95 680	107
Total net revenues from SA Government		95 573	95 680	107
Net result		19 757	5 512	(14 245)

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. Actual employee benefits were higher than the original budget primarily due to unanticipated movement in the long service leave provision and the workers compensation actuarial as provided by an independent actuary engaged by the Office for the Public Sector.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Budget performance (continued)

		Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total existing projects		2 500	1 073	(1 427)
Total annual programs		16 844	16 035	(809)
Total investing expenditure		19 344	17 108	(2 236)

1.4. Significant transactions with government related entities

Significant transactions with government related entities

The following transactions were significant for CFS:

- Payment to the Attorney-General's Department for the government radio network of \$11.42 million
- Contributions from the Community Emergency Services Fund (refer note 4.1)

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key management personnel

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

The compensation detailed below excludes salaries and other benefits received by:

The Minister for Emergency Services. The Minister's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2019	2018
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	698	692
Post-employment benefits	66	65
Total compensation	764	757

2.2. Remuneration of board and committee members

Members of boards and committees during 2019 were:

State Bushfire Coordination Committee

A Allen*	J Frizenschaf*
A De Piaz*	J Nairn*
C B Daniels	J Psyridis*
C Gibson*	J S Crocker*
C W Patterson*	J Slocombe*
D Colliar	K M Egan
D Leblond*	M C Roche
D S Gilbertson	M M Healy*
E M Sommerville	M R Sutton*
E Petrenas*	N G Bamford*
F Crisci*	N Rea
F Dunstan*	P R White
F J Gill*	S A Reardon
G H Nettleton*	S Barone
G P Benham* (appointed 20 December 2018)	T M W Kelly
H L Greaves	W B Thorley
I Tanner*	W R McIntosh
J B Drew*	
J Crampton*	
J D Lindner	

*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.

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

	2019	2018
\$nil	31	34
\$1 - \$19 999	6	3
Total number of members	37	37

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Remuneration of board and committee members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$3 166 (2018: \$2 400).

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.

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	14 507	13 856
Workers compensation	10 798	3 579
Employment on-costs - superannuation	1 395	1 370
Annual leave	1 288	997
Long service leave	1 184	483
Payroll tax	913	838
Skills and experience retention leave	77	76
Other employment related expenses	26	148
Board fees	6	2
Additional compensation	(2 278)	4 955
Total employee benefits	27 916	26 304

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration

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

	2019	2018
	Number	Number
\$149 000 to \$151 000*	N/A	2
\$151 001 to \$171 000	6	4
\$191 001 to \$211 000	1	2
\$231 001 to \$251 000	1	1
\$291 001 to \$311 000	-	1
\$311 001 to \$331 000	1	-
Total	9	10

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2017-18.

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

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.72 million (2018: \$1.89 million).

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.4. Employee benefits liability

	2019 \$'000	2018 \$'000
Current		
Annual leave	1 952	1 719
Accrued salaries and wages	334	348
Skills and experience retention leave	118	109
Long service leave	334	435
Total current employee benefits	2 738	2 611
Non-current		
Long service leave	4 242	3 318
Total non-current employee benefits	4 242	3 318
Total employee benefits	6 980	5 929

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

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

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

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

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019 \$'000	2018 \$'000
Aerial firefighting	13 536	9 915
Government radio network	11 417	12 043
Vehicles	6 337	6 013
Property Costs	3 943	3 059
Uniforms and protective clothing	3 842	5 188
Operational costs	3 249	3 025
Other expenses	3 182	2 558
Travel and training	2 606	1 859
Operating lease costs	2 495	2 329
Consultancy, contractor and legal fees	2 251	1 728
Communications	1 962	1 430
Computing costs	1 281	1 474
Insurance premiums	256	236
Shared Services SA payments	1	6
Total supplies and services	56 358	50 863

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

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 (2018: \$31 000). These costs are recognised in Other expenses above. No other services were provided by the Auditor-General's Department.

Operating leases payments

Operating lease payments (less any lease incentives) are recognised as an expense on a straight-line basis over the lease term.

Consultants

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

	2019 Number	2019 \$'000	2018 Number	2018 \$'000
Below \$10 000	4	14	4	8
\$10 000 or above	2	440	-	-
Total	6	454	4	8

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Depreciation		
Vehicles	7 004	6 954
Buildings	2 163	2 205
Communications	1 726	1 741
Plant	579	538
Computers	26	27
Total depreciation	11 498	11 465
Amortisation		
Software	1	2
Total amortisation	1	2
Total depreciation and amortisation	11 499	11 467

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

Land and non-current assets held for sale are not depreciated.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are review and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

Useful life

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

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

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

3.3. Grants and subsidies

	2019	2018
	\$'000	\$'000
Recurrent grant	442	427
Total grants and subsidies	442	427

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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

	2019 \$'000	2018 \$'000
Vehicles		
Proceeds from disposal	328	300
Less carrying amount of assets disposed	(319)	(304)
Net gain / (loss) from disposal of vehicles	9	(4)
Plant and equipment		
Proceeds from disposal	10	-
Less carrying amount of assets disposed	-	-
Net gain / (loss) from disposal of plant and equipment	10	-
Total assets		
Total proceeds from disposal	338	300
Less total carrying amount of assets disposed	(319)	(304)
Total net gain / (loss) from disposal of non-current assets	19	(4)

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4. Income

4.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	93 151	77 330
Commonwealth grants received via Treasury and Finance	29	28
Other revenues from SA Government	2 500	71
Total revenues from SA Government	95 680	77 429
Net revenues from SA Government	95 680	77 429

Contributions from CESF are recognised as revenues when CFS obtains control over the funding. Control over contributions is normally obtained upon receipt.

Revenues from SA Government consist of \$77.4 million (2018: \$62.19 million) for operational funding and \$18.28 million (2018: \$15.23 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 2.3, 3.1, 3.3 and 5.1.

4.2. Revenues from fees and charges

	2019	2018
	\$'000	\$'000
Fire alarm attendance fees	358	376
Fire alarm monitoring fees	254	248
Fire safety fees	215	186
Rent of premises	275	233
Incident cost recoveries	1 556	169
Other recoveries	37	129
Total revenues from fees and charges	2 695	1 341

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.3. Grants and contributions

	2019	2018
	\$'000	\$'000
Commonwealth Government	260	105
State Government	-	299
Private industry and local government	2 434	2 000
Total grants and contributions	2 694	2 404

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

Private industry revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, Commonwealth Government revenue includes once-off project grants.

Contributions through the National Aerial Firefighting Centre Ltd can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on at least a dollar for dollar basis. Once-off project grants are subject to specific funding agreements.

4.4. Interest revenues

	2019	2018
	\$'000	\$'000
Interest on deposit accounts	87	133
Total interest revenues	87	133

4.5. Other income

	2019	2018
	\$'000	\$'000
Insurance recoveries	48	27
Donations	11	-
Salary recoveries	6	104
Sundry revenues	332	187
Other	155	114
Total other income	552	432

4.6. Resources received free of charge

CFS volunteer members give a significant number of hours to providing frontline emergency response services to the community and in other support roles. A value for volunteers is not recognised in the financial statements as the recognition criteria of AASB 1058 *Income of Not-For-Profit Entities* has not been met.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5. Non-financial assets

5.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
Land		
Land at fair value	13 268	13 116
Total land	13 268	13 116
Buildings		
Buildings at fair value	49 291	48 470
Accumulated depreciation	(12 128)	(9 965)
Total buildings	37 163	38 505
Vehicles		
Vehicles at fair value	125 816	116 992
Accumulated depreciation	(36 230)	(29 497)
Total vehicles	89 586	87 495
Communication (Comms.) equipment		
Communication equipment at fair value	16 194	15 680
Accumulated depreciation	(6 623)	(4 897)
Total communication equipment	9 571	10 783
Computer equipment		
Computer equipment at fair value	164	164
Accumulated depreciation	(154)	(128)
Total computer equipment	10	36
Plant and equipment		
Plant and equipment at fair value	6 051	5 230
Accumulated depreciation	(2 335)	(1 766)
Total plant and equipment	3 716	3 464
Capital work in progress		
Capital works in progress at cost (deemed fair value)	27 417	22 048
Total capital work in progress	27 417	22 048
Total property, plant and equipment	180 731	175 447

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.1. Property, plant and equipment (continued)

Property, plant and equipment is recorded at fair value. Detail about CFS's approach to fair value is set out in note 11.2.

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Impairment

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

Movement reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment assets during 2018-19:

	Land	Buildings	Vehicles	Comms.	Computer	Plant and	Capital	
	\$'000	\$'000	\$'000	equipment	equipment	equipment	work in	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at								
1 July 2018	13 116	38 505	87 495	10 783	36	3 464	22 048	175 447
Acquisitions	-	-	11	-	-	37	17 060	17 108
Transfers from								
capital WIP	152	821	9 403	514	-	794	(11 684)	-
Depreciation	-	(2 163)	(7 004)	(1 726)	(26)	(579)	-	(11 498)
Disposals	-	-	(319)	-	-	-	-	(319)
Other	-	-	-	-	-	-	(7)	(7)
Carrying amount								
at 30 June 2019	13 268	37 163	89 586	9 571	10	3 716	27 417	180 731

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.1. Property, plant and equipment (continued)

Movement reconciliation of property, plant and equipment (continued)

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

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant and equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	13 116	39 363	86 565	12 017	63	3 527	14 696	169 347
Acquisitions	-	-	6	-	-	-	17 863	17 869
Transfers from capital WIP	-	1 347	8 182	507	-	475	(10 511)	-
Depreciation	-	(2 205)	(6 954)	(1 741)	(27)	(538)	-	(11 465)
Disposals	-	-	(304)	-	-	-	-	(304)
Carrying amount at 30 June 2018	13 116	38 505	87 495	10 783	36	3 464	22 048	175 447

5.2. Intangible assets

	2019 \$'000	2018 \$'000
Software		
Computer software	10	10
Accumulated amortisation	(10)	(9)
Total software	-	1
Total intangible assets	-	1

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

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.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2. Intangible assets (continued)

Reconciliation 2018-19

	Computer Software \$'000
Carrying amount at 1 July 2018	1
Amortisation	(1)
Carrying amount at 30 June 2019	-

Reconciliation 2017-18

	Computer Software \$'000
Carrying amount at 1 July 2017	3
Amortisation	(2)
Carrying amount at 30 June 2018	1

6. Financial assets

6.1. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Deposits with the Treasurer	17 749	6 926
Cash at bank - Groups/Brigades	3 509	3 609
Short-term deposits - Groups/Brigades	523	704
Cash at bank	24	442
Cash on hand	6	6
Total cash and cash equivalents	21 811	11 687

Cash is measured at nominal amounts.

Deposits with the Treasurer

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

Short term deposits

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

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represent fair value.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Receivables	2 502	2 065
Less allowance for doubtful debts	(8)	(8)
Prepayments	203	127
Accrued revenue	1 272	18
GST input tax recoverable	1 612	1 233
Total current receivables	5 581	3 435
Total receivables	5 581	3 435

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 doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	8	24
Increase/(decrease) in the allowance	1	2
Amounts written off	(1)	(13)
Amounts recovered during the year	-	(5)
Carrying amount at the end of the period	8	8

6.3. Other financial assets

	2019	2018
	\$'000	\$'000
Medium term deposits - Groups/Brigades - amortised cost	2 178	2 417
Total other financial assets	2 178	2 417

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.4. Non-current assets classified held for sale

	2019	2018
	\$'000	\$'000
Land	742	742
Total non-current assets classified as held for sale	742	742

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

A tender to sell surplus SACFS land at Port Lincoln during 2011 failed to be realised, and as at 30 June 2019 the property continues to remain on the market for sale.

The Sector has measured the land and buildings held for sale at fair value less costs to sell because the assets' fair value less costs to sell is lower than its carrying amount.

An independent site valuation was provided by a Certified Practising Valuer for the property upon its classification as held for sale. The valuation was based on recent market transactions for similar unrestricted land and buildings in the area and includes adjustment for factors specific to the land and building such as size and location. This valuation was in accordance with the valuation principles and technique outlined in note 5.1 (i.e. there was no change to valuation technique).

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019 \$'000	2018 \$'000
Current		
Creditors	166	174
Accrued expenses	9 825	6 799
Employment on-costs	456	412
Total current payables	10 447	7 385
Non-current		
Creditors	6	5
Employment on-costs	391	309
Total non-current payables	397	314
Total payables	10 844	7 699

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.

Employment on-costs

Employment on-costs include payroll tax, workers' compensation levies and superannuation contributions. CFS 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 South Australian Superannuation Board.

The 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 remaining unchanged at 41% and the average factor for the calculation of employer superannuation cost on-cost is 9.8% (2018: 9.9%). 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 Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Provision for workers' compensation	2 732	1 542
Additional compensation	45	132
Total current provisions	2 777	1 674
Non-current		
Provision for workers' compensation	15 563	6 838
Additional compensation	2 600	4 823
Total non-current provisions	18 163	11 661
Total provisions	20 940	13 335
Provision movement		
	2019	2018
	\$'000	\$'000
Workers' compensation:		
Carrying amount at the beginning of the period	8 380	6 353
Additional provisions recognised	10 798	3 549
Reduction arising from payments	(883)	(1 522)
Carrying amount at the end of the period	18 295	8 380
Additional compensation:		
Carrying amount at the beginning of the period	4 955	-
Additional provisions recognised	-	4 955
Reductions resulting from re-measurement	(2 277)	-
Reduction resulting from payments	(33)	-
Carrying amount at the end of the period	2 645	4 955

Workers' Compensation

CFS is responsible for the payment of workers' compensation claims.

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

The actual assessment is sensitive to changes in assumptions and as claim costs are received and assessed, assumptions will be based on more extensive experience.

Presumptive workers' compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers' compensation provision as at 30 June 2019 includes an actuarial assessment of firefighter cancer claims.

The increase in the workers' compensation liability in 2019 was impacted by an increase in the:

- number of known seriously injured firefighter cancer claims
- allowance of incurred but not yet reported firefighter cancer claims estimated by the actuary.

There is a significant degree of uncertainty associated with estimating future claim and expense payments.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions (continued)

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

The Additional Compensation provision provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

The Additional Compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged by the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported (IBNR) applications. No risk margin is included in the estimate.

Key assumptions in the estimate include:

- application frequency
- the probability of applications becoming successful claims
- projections of annual claim payments
- rates of benefit continuance
- retirement age and mortality rates.

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

Given these uncertainties, the actual cost of Additional Compensation claims may differ materially from the estimate. The assumptions used will continue to be refined to reflect emerging experience.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8. Other disclosures

8.1. Cash flow

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.

Cash flow reconciliation

	2019 \$'000	2018 \$'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	21 811	11 687
Balance as per Statement of Cash Flows	21 811	11 687
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	26 655	10 817
Less revenues from SA Government	(95 680)	(77 429)
Add / (less) non-cash items		
Depreciation and amortisation	(11 499)	(11 467)
Net gain/(loss) from disposal of non-current assets	19	(4)
Movement in assets and liabilities		
Increase/(decrease) in receivables	2 145	1 867
(Increase)/decrease in payables	(3 152)	(1 325)
(Increase)/decrease in employee benefits	(1 051)	(232)
(Increase)/decrease in provisions	(7 605)	(6 982)
Net cost of providing services	(90 168)	(84 755)

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2. AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, CFS adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9.2. AASB 9 Financial Instruments (continued)

Reclassification of financial instruments on adoption of AASB 9

On 1 July 2018, CFS has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale. On assessment, CFS found no material changes.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of CFS are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. CFS has adopted the simplified approach under *AASB 9 Financial Instruments* and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in no change to the loss allowance on 1 July 2018.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10. Outlook

10.1. Unrecognised contractual commitments

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

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	2 016	1 661
Later than one year but not later than five years	2 800	957
Later than five years	577	93
Total operating lease commitments	5 393	2 711

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly.

Capital commitments

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

	2019	2018
	\$'000	\$'000
Within one year	9 927	2 245
Total capital commitments	9 927	2 245

These capital commitments are for building, vehicle and equipment projects.

Expenditure commitments

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

	2019	2018
	\$'000	\$'000
No later than one year	4 276	1 795
Later than one year but not later than five years	3 885	95
Total expenditure commitments	8 161	1 890

Contractual commitments relate to information technology, aerial firefighting, equipment supply and maintenance contracts, and supply of personal protective clothing

10.2. 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.

CFS is not aware of any contingent assets or liabilities.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective

CFS has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities

CFS will adopt AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not for Profit Entities* from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – *Revenue from Contracts* replaces AASB 111 – *Construction Contracts* and AASB 118 – *Revenue*.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – *Contributions*.

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 will not have an impact on the timing of recognition of revenue by CFS.

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include CFS will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

AASB 16 – Leases

CFS will adopt AASB 16 – *Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 *Leases* replaces AASB 117 *Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*, *Interpretation 115 Operating Leases – Incentives and Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact on 2019-20 financial statements

CFS has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)*.

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. CFS has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by CFS prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

The estimated impact is set out below.

	as at 1 July 2019 \$'000
Assets	
Right-of-use assets	4 492
Liabilities	
Lease liabilities	4 492
Net impact on equity	-

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	1 726
Supplies and services	(1 740)
Borrowing costs	66
Net impact on net cost of providing services	52

The amounts disclosed are current estimates only. CFS is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that CFS must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that CFS will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that CFS will:

- not apply AASB 16 to leases of intangible assets.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable CFS to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2019 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2019.

Note disclosure is made about events between 30 June 2019 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2019 and which may have a material impact on the results of subsequent years.

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

11. Measurement and risk

11.1. 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 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.75%) to 2019 (1.25%).

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

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

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. 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 are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by CFS 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.

Fair value hierarchy

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

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

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

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

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

During 2019 and 2018, CFS had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

Fair value classification - non-financial assets at 30 June 2019

		Level 2	Level 3	Total
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	5.1	6 798	6 470	13 268
Buildings	5.1	9 945	27 218	37 163
Vehicles	5.1	-	89 586	89 586
Communication (Comms.) equipment	5.1	-	9 571	9 571
Computer equipment	5.1	-	10	10
Plant and equipment	5.1	-	3 716	3 716
Total recurring fair value measurements		16 743	136 571	153 314

Non- recurring fair value measurements

Land held for sale	6.4	742	-	742
Total non-recurring fair value measurements		742	-	742

Total fair value measurements

17 485	136 571	154 056
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Fair value classification - non-financial assets at 30 June 2018

		Level 2	Level 3	Total
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	5.1	6 798	6 318	13 116
Buildings	5.1	10 110	28 395	38 505
Vehicles	5.1	-	87 495	87 495
Communication (Comms.) equipment	5.1	-	10 783	10 783
Computer equipment	5.1	-	36	36
Plant and equipment	5.1	-	3 464	3 464
Total recurring fair value measurements		16 908	136 491	153 399

Non- recurring fair value measurements

Land held for sale	6.4	742	-	742
Total non-recurring fair value measurements		742	-	742

Total fair value measurements

17 650	136 491	154 141
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South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

Land and buildings

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Liquid Pacific, as at 1 January 2014.

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, adjustments were applied 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 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. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

Reconciliation of level 3 recurring fair value measurement at 30 June 2019

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

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	6 318	28 395	87 495	10 783	36	3 464	136 491
Acquisitions	-	-	11	-	-	37	48
Capitalised asset transfers	152	549	9 403	514	-	794	11 412
Disposals	-	-	(319)	-	-	-	(319)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(1 726)	(7 004)	(1 726)	(26)	(579)	(11 061)
Total gains/(losses) recognised in net result	-	(1 726)	(7 004)	(1 726)	(26)	(579)	(11 061)
Carrying amount at the end of the period	6 470	27 218	89 586	9 571	10	3 716	136 571

Reconciliation of level 3 recurring fair value measurement at 30 June 2018

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

	Land	Buildings	Vehicles	Comm. equipment	Computer equipment	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	6 318	28 677	86 565	12 017	63	3 527	137 167
Acquisitions	-	1 347	8 188	507	-	475	10 517
Disposals	-	-	(304)	-	-	-	(304)
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(1 629)	(6 954)	(1 741)	(27)	(538)	(10 889)
Total gains/(losses) recognised in net result	-	(1 629)	(6 954)	(1 741)	(27)	(538)	(10 889)
Carrying amount at the end of the period	6 318	28 395	87 495	10 783	36	3 464	136 491

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments

Financial risk management

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

The exposure of CFS 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

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

Refer to note 7.1 for further information.

Credit risk

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

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

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. CFS 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, CFS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and informed credit assessment, including forward-looking information.

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

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

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

The expected credit loss for CFS for non-government debtors at 30 June 2019 was \$8,000.

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

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

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

Receivables with a contractual amount of \$1,000 written off during the year are still subject to enforcement activity.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

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

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. 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.

Market risk

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

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 applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

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

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 6.2 and 7.1).

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

CFS measures all financial instruments at amortised cost.

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	6.1	21 811	21 811	-	-	-
Financial assets at amortised cost						
Receivables		3 757	3 757	-	-	-
Other financial assets	6.3	2 178	2 178	-	-	-
Total financial assets		27 746	27 746	-	-	-
Financial liabilities						
Financial liabilities at amortised cost						
Payables		9 997	9 991	-	-	6
Total financial liabilities		9 997	9 991	-	-	6

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	6.1	11 687	11 687	-	-	-
Loans and receivables						
Receivables		2 083	2 083	-	-	-
Held to maturity						
Other financial assets	6.3	2 417	2 417	-	-	-
Total financial assets		16 187	16 187	-	-	-
Financial liabilities						
Payables		6 947	6 947	-	-	-
Total financial liabilities		6 947	6 947	-	-	-

South Australian Country Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Receivables and payables

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

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.