

DEPARTMENT FOR  
ENERGY AND MINING

ANNUAL REPORT  
2020-21



Government  
of South Australia

Department for  
Energy and Mining

OFFICIAL



**Government  
of South Australia**

# DEPARTMENT FOR ENERGY AND MINING

## **2020-21 Annual Report**

DEPARTMENT FOR ENERGY AND MINING

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ISSN: 2652 7553

Date presented to Minister: 30 September 2021

The Department for Energy and Mining acknowledges Aboriginal people as the First Nations People of South Australia. We recognise and respect the cultural connections as the traditional owners and occupants of the land and waters of South Australia, and that they continue to make a unique and irreplaceable contribution to the state.

**OFFICIAL**

2020-21 ANNUAL REPORT for the Department for Energy and Mining

To: Honourable Dan van Holst Pellekaan MP  
Minister for Energy and Mining

This annual report will be presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009 (Part 3, s 12)* and the *Public Sector Regulations 2010 (Part 2, reg 7)* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Department for Energy and Mining by:

Dr Paul Heithersay PSM FTSE  
Chief Executive



Date 17/09/2021 Signature \_\_\_\_\_

## From the Chief Executive



The Department for Energy and Mining responded with agility to the immense challenges created by the COVID-19 pandemic throughout 2020-21 to deliver important projects for the people of South Australia. The department's work enabled our essential energy and mining sectors to operate safely and seamlessly to perform strongly and deliver essential services.

With the effective COVID-19 pandemic response settings in place, copper miners achieved a record of \$3.3 billion in gross sales, new benchmarks were set for renewable energy generation in the state's electricity mix, and electricity prices fell for households and industry.

The department ensured that both our staff and our stakeholders received regular communications to enable them to effectively respond to changing circumstances to operate safely and engage on policy development.

To lower energy costs, the agency adopted energy market reforms and supported early works to enable the timely environmental assessment of Project EnergyConnect to link the South Australian and New South Wales electricity markets. The agency led the delivery of dynamic projects to support a modern energy system including the Home Battery Scheme, Grid Scale Storage Fund to stabilise the National Electricity Market and Australia's Virtual Power Plant.

The Mineral Resources division transformed consultation on the draft Mining Regulations to a virtual engagement process to successfully introduce the reforms to support the amended *Mining Act 1971*. The Energy Resources division initiated consultations on amendments to the *Petroleum and Geothermal Energy Act 2000*.

Regulators were still able to carry out their important compliance work, and initiated projects to streamline internal assessment processes and migrate processes to online platforms to deliver more effective, efficient and transparent regulation of resources, the energy market sector, and the electrical plumbing and gas-fitting professions.

The agency produced South Australia's Energy and Mining Strategy, identifying existing and future opportunities to contribute to economic growth to emerge strongly from the pandemic and contribute to the government's Growth State objectives.

The former Economic and Business Growth Fund has supported programs in areas that will help industry achieve the objectives set out in the Energy and Mining Strategy. Examples include the Accelerated Discovery Initiative, ExploreSA: The Gawler Challenge open-source data competition, CORE Innovation Hub at Lot Fourteen, Hydrogen Export Modelling Tool, Hydrogen Action Plan and Water and Infrastructure Corridor alignment study to help unlock the mineral potential of the state's Far North.

The agency is leading Demand Management Trials Program to provide greater control to consumers over the power they use. The Electric Vehicle Action Plan is accelerating the uptake of electric and hydrogen fuel vehicles and implement public charging infrastructure across the state.

Emerging opportunities include the potential for hydrogen production and utilisation at a commercial scale and the transition to 100 per cent net renewable energy by 2030 with greater interconnection with the National Electricity Market. Also significant is the expanding inventory of known commercial mineral systems including critical minerals, especially within the highly prospective Gawler Craton.

In 2020-21 the department adjusted its internal structure and adopted new policies and procedures to deliver the specific priorities set out in the 2018-2021 Strategic Direction statement guided by a high-performance framework that emphasises a diverse and inclusive culture, engagement, collaboration and delivery. Our performance in implementing this framework was reflected in the department's success in the Premier's Awards for Excellence. Project Manager Vicki Beard was awarded the Premier's Award in the public sector values category for her outstanding collaboration on the complex Mintabie Transformation and the Leigh Creek Future Township projects. Director Martin Reid was a finalist in the excellence in service delivery (emergency response) category for his critical role in supporting the energy and mining industries in their COVID-19 responses to

business continuity planning to minimise disruptions while keeping people safe. Our pandemic response was carried out from within existing departmental resources while staff members were also mobilised to work within other agencies.

Despite the pandemic's challenges, the new Carrapateena copper-mine was launched, record copper production was achieved at Olympic Dam and historically high iron ore and zircon prices supported strong export performances. Petroleum producers in the Cooper and Otway basins continued to perform strongly in a difficult global market.

The state's pandemic-induced challenges are far from over, but the department's 2020-21 performance has created a solid foundation on which to build a post-COVID-19 future.



*(Signature)*

**Dr Paul Heithersay PSM FTSE**  
**Chief Executive**  
**Department for Energy and Mining**

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# Overview: about the agency

## Our strategic focus



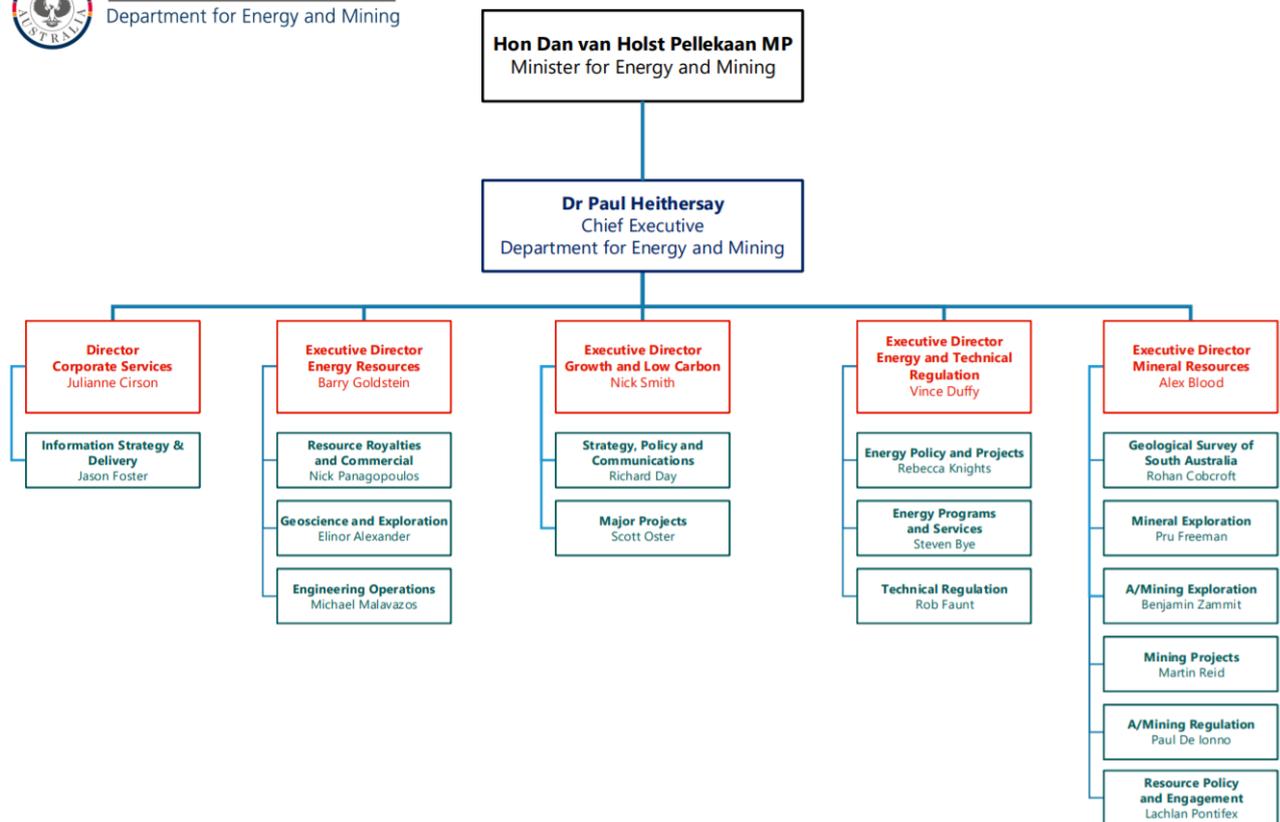
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<b>Our Purpose</b>	We exist to deliver cleaner and more affordable, reliable and secure energy supplies in a transitioning national energy market, and to unlock responsibly the value and opportunities offered by South Australia’s mineral and energy resources.
<b>Our Vision</b>	Our vision is to be the best government department in Australia.
<b>Our Values</b>	Our culture is diverse, professional, accountable, respectful and committed to safety. We demonstrate personal and professional leadership and value recognition as leaders in our field. We engage meaningfully so our work builds a successful, sustainable future for all South Australians. We deliver the best outcomes for all South Australians.
<b>Our functions, objectives and deliverables</b>	<ul style="list-style-type: none"> <li>• Effective, efficient and transparent regulation</li> <li>• Lower energy prices</li> <li>• Growth of future industries and jobs</li> <li>• Increased resource exports.</li> </ul>

### Our organisational structure



Government of South Australia  
Department for Energy and Mining



## **Changes to the agency**

During 2020-21, the agency undertook a targeted restructuring in response to a thorough review of the department's capacity to deliver against the objectives of its 2018-2021 Strategic Direction. Following extensive consultation with agency staff, the department integrated the former Clean Energy Transition team and the Resources Investment and Infrastructure Task Force to create a new Growth and Low Carbon division. The new division delivers the government's major energy and industrial projects and low carbon initiatives. It also provides coherent, meaningful, and timely advice in relation to issues of strategic priority for the state. It implements advice through efficient and effective industry and project development by providing a central strategy, policy, projects and communications function.

## **Our Minister**



The Honourable Dan van Holst Pellekaan MP is the South Australian Minister for Energy and Mining.

Minister van Holst Pellekaan was elected to Parliament as the Member for Stuart in 2010. He was promoted to the Shadow

Cabinet in 2011 and has held the Energy and Mining portfolio since June 2014.

After his re-election at the 2018 State Election, he was sworn in as Minister for Energy and Mining in the Marshall Liberal government.

Minister van Holst Pellekaan was educated at the Maret School in Washington DC and the University of Toronto in Canada. He began his working life as a labourer and construction worker before playing four seasons in the National Basketball League and at the same time gaining a Bachelor of Economics. He then spent 10 years with BP Australia before becoming a shareholder and operator of Outback roadhouses in South Australia for seven years. Immediately before entering Parliament, he spent three years developing cycle tourism in the southern Flinders Ranges.

Minister van Holst Pellekaan's electorate of Stuart extends from Kapunda at its southern end, north to the Northern Territory border and east to the Queensland and New South Wales borders. It encompasses the Mid North agricultural region, all of the Flinders Ranges, the vast pastoral region of the Far North and the Cooper Basin oil and gas fields.

As Minister for Energy and Mining, he has focused on the government's commitments to lower energy prices, grow jobs and improve services. South Australia's Energy and Mining Strategy launched in 2020-21 will enable South Australia to continue to be a global leader in energy storage while lowering electricity prices and further encouraging the sustainable development of the wealth offered by the state's mineral, energy and extractive resources.

## Our Executive team



**Dr Paul Heithersay**, Chief Executive of the Department for Energy and Mining, joined the South Australian public service in 2002 where he has held several senior executive roles. He was awarded the Public Service Medal in 2012 for his outstanding public service to the growth and development of the mineral resources sector. Before joining the public service, Paul spent more than 20 years in the resources industry in Australia, Southeast Asia and China. In 2013 Paul was awarded the prestigious Legend in Mining award for his role in guiding South Australia's transformation into a major destination for investment in mineral resources and energy.

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**Alexandra Blood**, Executive Director, Mineral Resources, is responsible for the provision of geoscientific data and information to support investment in mineral exploration, and for the administration and regulation of mining and mineral exploration. Alex's team develops policies to build on the state's reputation for innovation in exploration, epitomised by the Accelerated Discovery Initiative, the South Australian Resources Information Gateway (SARIG), the South Australia Drill Core Reference Library, Stronger Partners Stronger Futures, ExploreSA: The Gawler Challenge and Core Innovation Hub. In 2012 Alex became the first woman named Environmental Practitioner of the Year by the Environment Institute of Australia and New Zealand. She is a member of the National Board for environmental professional certification.

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**Julianne Cirson**, Director Corporate Services, leads a multi-disciplinary team that provides high quality advice and delivers business services to support the department achieve its strategic and operational objectives. With a focus on modernising service delivery systems, driving cultural change, building organisational capability, managing resources and corporate governance, the team works in partnership across the department to provide responsive and customer focused services. Julianne has a degree in accounting and is a graduate of the Australian Institute of Company Directors. She has worked in various South Australian government corporate services leadership roles.

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**Vince Duffy**, Executive Director, Energy and Technical Regulation, heads a team at the forefront of leading and developing responses to the many challenges faced by

the state during the ongoing transition in the national energy market. Vince's team is also home to the Office of the Technical Regulator, which plays an essential role in maintaining safety in the electrical, plumbing and gas industries. Vince holds a Bachelor of Economics and has vast experience in energy market programs.

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**Barry Goldstein**, Executive Director, Energy Resources, is focused on the development of leading practice regulation, the direction of research and investment attraction for petroleum and geothermal energy, and greenhouse gas storage. Before joining the public service, Barry had more than 30 years international experience in the energy business. He is a recipient of an Order of Australia Public Service Medal, a Lewis G Weeks medal for outstanding contribution to petroleum exploration and is a Hall of Fame inductee of the Australian Institute of Energy – South Australia.

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**Nick Smith**, Executive Director, Growth and Low Carbon, is responsible for major project development and delivery and the development of low carbon industries, providing opportunities to new and existing suppliers and supporting the creation of new and sustainable jobs in the state. The division also provides communication, marketing and government relations capability across the department. Key initiatives include the Steel Task Force, transformations of Port Pirie, Mintabie and Leigh Creek, Home Battery Scheme, Grid Scale Storage Fund, South Australia's Virtual Power Plant, Renewable Technology Fund and development of the Hydrogen and Electric Vehicle Action Plans. Nick is the Vice President of the International Association for Hydrogen Safety and a member of the Future Fuels Cooperative Research Centre's Research Advisory Committee. Before joining government in 2014, Nick held senior commercial and operational roles predominantly across the LPG and construction materials industries. Nick holds a master's degree in Business Administration, is a graduate of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Energy.

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**Legislation administered by the agency**

*Australian Energy Market Commission Establishment Act 2004*

*Broken Hill Proprietary Company's Indenture Act 1937*

*Cooper Basin (Ratification) Act 1975*

*Electricity Act 1996*

*Electricity Trust of South Australia (Torrens Island Power Station) Act 1962*

*Energy Products (Safety and Efficiency) Act 2000*

*Gas Act 1997*

*Mines and Works Inspection Act 1920*

*Mining Act 1971*

*National Electricity (South Australia) Act 1996*

*National Energy Retail Law (South Australia) Act 2011*

*National Gas (South Australia) Act 2008*

*Natural Gas Authority Act 1967*

*Offshore Minerals Act 2000*

*Opal Mining Act 1995*

*Petroleum (Submerged Lands) Act 1982*

*Petroleum and Geothermal Energy Act 2000*

*Port Pirie Smelting Facility (Lead-In-Air Concentrations) Act 2013*

*Roxby Downs Indenture Ratification Act 1982*

*Stony Point (Liquids Project) Ratification Act 1981*

*Whyalla Steelworks Act 1958*

## The agency's performance

### Performance at a glance

The Department for Energy and Mining completed South Australia's Energy and Mining Strategy to set out the objectives and priorities for the sectors in supporting the South Australian Government's Growth State – Our Plan for Prosperity. Growth State identified energy and mining as one of nine priority economic sectors that would need to expand to enable the economy to accelerate its annual growth rate to three per cent. The strategy highlighted existing initiatives such as the Accelerated Discovery Initiative, Explore SA: The Gawler Challenge, Roundtable for Oil and Gas Projects, Home Battery Scheme, Grid Scale Storage Fund and greater interconnection with the National Electricity Market. It also identified further opportunities for growth through trade and investment, infrastructure, land, water and the environment, and skills and innovation. The Energy and Mining Strategy targets nationally competitive energy supplies before 2025 and internationally competitive energy supplies by 2030. The strategy also targets annual exploration expenditure of \$300 million by 2025 and annual growth in exports by the energy and mining sectors from \$8 billion by 2025 and \$13 billion by 2030. Achieving these objectives are forecast to deliver an additional 39 per cent to annual state exports of goods and an additional 0.55 percentage points to the broader Growth State goal of achieving a sustainable three per cent state economic growth rate by 2030. To ensure transparency against these targets, an online dashboard and reporting system is being designed to show progress towards implementing the strategic objectives. The department has also undertaken a strategic restructuring to reflect its commitment to achieving the targets set out in the strategy and the 2022-2025 Strategic Directions will also align with the strategy and Growth State priorities.

### Agency response to COVID-19

The Department for Energy and Mining was well prepared to manage the response to the COVID-19 pandemic, relying on the SA Health pandemic response strategy that was specifically prepared well in advance of the COVID-19 outbreak. The department's infection containment response was continuously reviewed to remain consistent with updated government advice and policy and directions published by the state coordinator. The energy and mining sectors were identified as key industries whose continued operation was essential for the ongoing economic activity of the state. The department supported businesses across the energy and mining supply chain to continue operations as far as practical in the current circumstances. Mineral exploration licence fees and annual petroleum and geothermal licence fees were deferred for six months until 31 December 2020. In recognition of the restricted access to tenements during the initial statewide lockdown, a 12-month waiver of committed expenditure was provided for all mineral exploration licence holders as well as an expansion of allowable expenditures towards minimum petroleum retention licence requirements. The department liaised directly with its energy and mining stakeholders to understand their business continuity plans to avoid and minimise any disruption to the delivery of essential infrastructure and services to the South Australian community. In keeping with public health advice about social distancing and restrictions on public gatherings, the department moved swiftly to initiate electronic means of engagement within the

agency and with our external stakeholders, and channels of communication have been kept open through direct email updates and regularly updated web content. Members of the agency were mobilised as part of the public sector’s pandemic response, receiving training to allow them to support SA Health, SAPOL and the Department of Treasury and Finance in providing contact tracing, State Emergency Call Centre service, and border and grant application processing.

**Agency contribution to whole of government objectives**

<b>Key objective</b>	<b>Agency’s contribution</b>
More jobs	Developed an Energy and Mining Strategy to identify existing and future opportunities to grow jobs and business activity in the energy and mining sectors in line with Growth State – Our Plan for Prosperity.
Lower costs	Adopted energy market reforms to support greater grid interconnection through Project EnergyConnect and implemented storage projects such as the Home Battery Scheme, South Australia’s Virtual Power Plant and Grid Scale Storage Fund to facilitate a cleaner, safer, more secure, reliable and competitive energy network.
Better Services	Initiated projects to streamline internal assessment processes and migrate applications to online platforms to deliver more effective, efficient and transparent regulation of the mineral resources, extractive materials, energy resources, energy market sector, and the electrical, plumbing and gas-fitting professions.

**Agency specific objectives and performance**

Agency objectives	Indicators	Performance
<p><b>Deliver more effective, efficient, and transparent regulation of the mineral resources, energy resources, energy market sectors and the electrical, plumbing and gas-fitting professions.</b></p>	<p>Continue to transition to digital online regulation and compliance to support business through streamlined government processes.</p>	<p>Successful introduction from 1 January 2021 of updated Mining Regulations to support the amended Mining Act.</p> <p>Began next delivery phase of improvements through implementation of lean processes to reduce red tape across the agency including recommendations from the Mineral Tenements Review process.</p> <p>Initiated consultation on proposed amendments to the Petroleum and Geothermal Energy Act and transitioned energy resources online information to a new web platform.</p> <p>Initiated a Digital Restart Program to progress modernisation of the department's IT infrastructure and performance.</p>
	<p>Oversee effective regulation and compliance of the electrical, plumbing and gas-fitting professions.</p>	<p>Expanded the Office of the Technical Regulator (OTR) electronic certificate of compliance system to integrate audit activities, creating an integrated system to assist with targeting audits to high risk areas. Developed a dashboard to help visualise data across the state to enable trends to be identified. These online systems will be further enhanced to improve effectiveness and efficiency of regulatory activity.</p>
	<p>Provide proactive, responsive, and leading resources and energy policy.</p>	<p>Continued as lead legislator to implement national reforms of the energy market as a contributor to the National Cabinet process.</p> <p>Developed an Energy and Mining Strategy to identify initiatives to support industry to accelerate economic activity.</p> <p>Assisted in the development of a \$1.08 billion Energy and Emissions Reduction Agreement between South</p>

		Australia and the Australian Government to support the pursuit of initiatives that create additional dispatchable generation to help deliver affordable and reliable power, unlock gas supplies to help prevent shortfalls in the market, kick-start works on a new interconnector between South Australia and New South Wales, and invest in key emissions reduction projects.
	Ensure effective royalty collection to support the Royalties for Regions program.	Collected \$323 million in royalty revenues across the mineral, petroleum and extractive industries, with 30 per cent directed toward the Royalties for Regions program to support infrastructure construction and maintenance in regional and remote areas of South Australia.
	Provide one window to government co-regulation.	Maintained effective working relationships with co-regulators including the Australian Government (Department of Agriculture, Water and the Environment; Department of Industry, Science, Energy and Resources) and state government (Environment Protection Authority SA; Department for Environment and Water; SafeWork SA).
<b>Enable access to lower energy costs for businesses and households by facilitating a clean, secure, reliable, safe and more competitive energy network.</b>	Continue to support the early delivery of projects to enable high voltage interconnection between South Australia and New South Wales as part of the National Electricity Market.	Continued to support South Australia's ElectraNet and New South Wales' TransGrid to progress early works for the delivery of Project EnergyConnect.
	Empower consumers through expanded demand management options and better integration of	Funded 11 private sector projects aimed at advancing the use of demand response and distributed energy resources through the Demand Management Trials Program.

	<p>distributed energy resources.</p>	
	<p>Support National Electricity Market reforms to aid in an orderly and cost-effective transition to a low emissions economy.</p>	<p>Developed South Australia’s Energy Solution to secure the state’s transition to affordable renewable energy in response to power system modelling commissioned from the Australian Energy Market Operator into emerging trends in the grid.</p> <p>Demand Response Mechanism Rule change, initiated by South Australia, implemented by Australian Energy Market Commission.</p>
	<p>Develop and implement initiatives to accelerate the uptake of grid-scale and residential energy storage technologies.</p>	<p>Continued to implement the Home Battery Scheme, supporting the installation of home battery systems on thousands of South Australian households through state government subsidies and Clean Energy Finance Corporation low interest loans.</p> <p>Allocated \$10 million from the Grid Scale Storage Fund to support South Australia’s Virtual Power Plant through installation of home energy systems – each comprising a solar photovoltaic, Tesla Powerwall battery and a smart meter.</p> <p>Provided \$15 million from the Grid Scale Storage Fund to expand the Hornsdale Power Reserve by 50 megawatts (65 megawatt-hours) for the provision of additional system security benefits to the grid.</p>
	<p>Facilitate the development across the supply chain of the emerging hydrogen energy industry in South Australia.</p>	<p>Published a hydrogen export study and developed an online modelling tool and prospectus to inform the establishment of an international-scale clean hydrogen export value chain. The export study examined locations for hydrogen production and export, volume of supply, the needs of potential hydrogen supply chain infrastructure and the costs associated with developing a commercial-scale hydrogen export industry within South Australia. Findings are outlined in the</p>

		<p>prospectus and underpin the design of the tool.</p> <p>The tool has given South Australia an advantageous market position, with South Australia being the only Australian jurisdiction, and sub-national government in the world, to have a memorandum of understanding with the Port of Rotterdam Authority to study the feasibility of exporting green hydrogen made in South Australia to Europe's largest port.</p> <p>The Petroleum and Geothermal Energy Regulations 2013 were amended to declare hydrogen, hydrogen compounds and by-products from hydrogen production regulated substances under the Petroleum and Geothermal Energy Act. Companies are now able to apply to explore for natural hydrogen, and the transmission of hydrogen or compounds of hydrogen are now permissible under the pipeline licencing provisions of the Act.</p>
	<p>Guide the transition toward clean energy efficient transport fleets.</p>	<p>Developed an Electric Vehicle Action Plan to bring forward the adoption of electric vehicles to replace polluting fuels with local, clean power to provide future generations with cleaner air, an improved urban environment and further comprehensive action on climate change while reducing electricity costs for all consumers.</p>
	<p>Facilitate a stable and reliable transformation of the energy market.</p>	<p>Participated in the development of the post 2025 advice on a long-term, fit-for-purpose market framework to support reliability.</p> <p>Continued to implement the Remote Area Energy Supply scheme's future sustainability project. Included the construction of the 3 megawatts renewable plant addition at Umuwa powerhouse despite constraints on access to Aboriginal communities due to COVID-19.</p>

<p><b>Responsibly increase South Australian exports by growing mineral, energy and renewable resources production.</b></p>	<p>Deliver and promote exploration and precompetitive geoscience initiatives to attract investment in new mineral and energy resources discovery.</p>	<p>Continued to implement the Accelerated Discovery Initiative to award a second round of grants to applicants in the second of three years of funding. Continued the second phase of the ExploreSA: The Gawler Challenge, to harness the information retrieved through the global open data competition. Continued to support the MinEx Cooperative Research Centre and the National Drilling Initiative through the Geological Survey of South Australia to support greenfield discoveries of minerals, especially in the Delamerian region of South Australia.</p>
	<p>Develop and market acreage releases in the Cooper-Eromanga and Otway basins to attract new investment in petroleum exploration.</p>	<p>Oversaw the implementation of five-year work programs guaranteed through the competitive allocations of petroleum tenements in the Cooper and Otway basins.</p>
	<p>Support the continued development of South Australia’s copper, magnetite, and critical minerals resources.</p>	<p>Continued cross-agency management of mining and processing operations at the Olympic Dam, Prominent Hill and Carrapateena copper-gold projects and worked with GFG and its South Australian business units toward the efficient operation of iron ore and steel production in Whyalla and the Middleback Range.</p> <p>Continued to work with the Australian Government Critical Minerals Facilitation Office to align the state’s efforts to develop resources such as copper, graphite, cobalt and zinc.</p>
<p><b>Grow future industries and jobs by fostering the expansion of value chain industries and</b></p>	<p>Support state significant economic transformations.</p>	<p>Oversaw the establishment of an independent review of the Targeted Lead Abatement Program to reduce lead exposure in Port Pirie following the commissioning of the redeveloped smelter facility.</p>

<p><b>professions that support the mineral, energy and renewable resources sectors.</b></p>		<p>Continued to work with the Australian Government to liaise with GFG on its site-wide continuous improvement program of the Whyalla Steelworks to improve performance through increased efficiency and value realisation and to transform the operations into a state-of-the-art green steel manufacturing facility.</p> <p>Achieved the transition of the former Mintabie township in South Australia’s Far North from government control to the landowners, the Anangu Pitjantjatjara Yankunytjatjara.</p> <p>Commenced implementation of the Leigh Creek Future Town Plan to transform the former coal mining town into a thriving regional service centre and tourist hub through a four-year, \$43.6 million investment.</p>
	<p>Connect South Australian innovators with the resources and energy sector to support the growth of the mining equipment, technology and services (METS) sector and small businesses.</p>	<p>Partnered with CORE Innovation Hub to set up offices at Lot Fourteen and Tonsley Innovation Precinct to bring together innovators, METS companies, start-ups, scale-ups and researchers to support innovation and new data and technology skills acquisition with the energy and resources industries.</p>
	<p>Attract South Australia’s most talented minds towards careers in mining and petroleum through support for skills development.</p>	<p>Partnered with the South Australian Chamber of Mines and Energy to offer 20 annual scholarships to the value of \$10,000 a year for two years to the Playford Memorial Trust for students enrolling in mining and petroleum engineering degrees at the University of Adelaide.</p>
	<p>Enhance opportunities for local and Aboriginal participants within industry and</p>	<p>Began implementation of the Reconciliation Action Plan, a framework for delivering practical support for social change and economic opportunities for Aboriginal people in South Australia.</p>

	<p>engagement activities.</p>	<p>The Yalari Foundation was gifted more than 6,000 hours of Aboriginal employment and a \$20,000 donation from Cowell Electric (Sue Chase Foundation) to support Aboriginal scholarships provided through the Remote Area Energy Scheme and its projects.</p> <p>Partnered with peak Aboriginal representative bodies, native title groups and the mineral and energy sector to develop mutually respectful relationships between Aboriginal and non-Indigenous Australians through the Stronger Partners Strong Futures initiative.</p> <p>Designed the Leigh Creek Transformation works to maximise opportunities for locally based businesses and people including the Aboriginal workforce, apprentices and trainees.</p>
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**Corporate performance summary**

The vision of the Department for Energy and Mining is to become the best government department in Australia. Our strategic execution and operational outcomes are enabled by the collective skills, abilities and expertise of our people. These are underpinned by our high performing behaviours and governance frameworks that provide the foundations for engagement, transparency and decision-making.

COVID-19 again impacted our working environment and staff continued to demonstrate adaptiveness, flexibility and resilience. Recognising that the future of the workplace continues to evolve we transitioned to a hybrid work model, enabling staff to work flexibly between home and office.

Organisational culture and staff wellbeing were a focus during the year. Key initiatives included the introduction of a Reward and Recognition framework and recruitment of a Diversity and Inclusion Officer. We partnered with the South Australian Health and Medical Research Institute to gain baseline data on staff wellbeing measures and give staff access to a range of personal wellbeing strategies.

Business improvements saw the establishment of a Project Management Office, delivery of a lean training initiative and the progression of our Digital Restart Program. These support both strategic and day-to-day activities.

**Employment opportunity programs**

<b>Program name</b>	<b>Performance</b>
<b>University placements and undergraduate students</b>	The agency hosts students (school and university) for the placement component of their course – primarily in the fields of engineering, geology and economics.
<b>Interns</b>	The agency hosts intern students in support of their field of study. These placements are either paid or unpaid depending on the institution and agency arrangements.

**Agency performance management and development systems**

<b>Performance management and development system</b>	<b>Performance</b>
A performance management and development framework exists within the agency to support employees and leaders to create performance development plans (PDP) and have regular performance conversations. All PDP discussions are recorded in this system and at appropriate periods reporting is undertaken on completion rates.	<p>Staff participate in two formal performance management and development plan conversations each year.</p> <p>An online system has been in place since 2018 to facilitate the PDP process and the department has adopted a continued focus on education and communication to support improved completions of PDP conversations.</p> <p>PDP completion rates of 70 percent or above were sustained across the year, with the department achieving 77 per cent completion rate for the period 1 July 2020 to 31 December 2020 and 70 per cent completion for 1 January 2021 to 20 June 2021.</p>

**Work health, safety and return to work programs**

<b>Program name</b>	<b>Performance</b>
Work Health and Safety (WHS) Strategic Plan 2020-2023	In September 2020 we launched our WHS Strategic Plan supporting a department-wide commitment to growing a safety culture. The three-year plan outlines the focus of our WHS activities across four key areas – safety leadership, wellbeing and engagement, risk management and performance measurement. The WHS Coordinating Committee monitors the implementation of the plan.

Mental Health First Aid	Supporting the aim of a mentally healthy workplace, nine staff participated in mental health first aid refresher training and a further seven participated in mental health awareness training.
Flu Vaccination Program	Flu vaccination, part of the agency's Wellbeing Program, was offered through onsite and offsite sessions. Uptake decreased slightly this year with 166 staff participating compared to 185 last year.
Employee Wellbeing Framework	Staff were offered the opportunity to participate in a number of activities and access to resources from the Wellbeing Program which covers physical, emotional, mental and social dimensions. These include Corporate Cup, wellbeing webinars, onsite counselling, White Ribbon information, the Social Club and Coffee Roulette.

<b>Workplace injury claims</b>	2020-21	2019-20	% Change (+ / -)
Total new workplace injury claims	1	1	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1,000 FTE)	0	3.30	-100%

*\*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)*

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

<b>Return to work costs**</b>	<b>2020-21</b>	<b>2019-20</b>	<b>% Change (+ / -)</b>
Total gross workers compensation expenditure (\$)	\$57,332	\$68,430	-16%
Income support payments – gross (\$)	\$48,250	\$58,240	-17%

*\*\*before third party recovery*

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/department-for-energy-and-mining-annual-report-statistics>

### Executive employment in the agency

<b>Executive classification</b>	<b>Number of executives</b>
SAES1	14
SAES2	4
EXF	1

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/department-for-energy-and-mining-annual-report-statistics>

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

## Financial performance

### Financial performance at a glance

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

<b>Statement of Comprehensive Income</b>	<b>2020-21 Budget \$000s</b>	<b>2020-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2019-20 Actual \$000s</b>
Total Income	242,836	289,060	46,224	179,611
Total Expenses	(242,078)	(175,211)	(66,867)	(182,497)
<b>Net Result</b>	<b>758</b>	<b>113,849</b>	<b>113,091</b>	<b>(2,886)</b>
<b>Total Comprehensive Result</b>	<b>758</b>	<b>113,849</b>	<b>113,091</b>	<b>340</b>

The agency reported a \$113 million favourable result when compared with the 2020-21 original budget. This is primarily due to lower than budgeted expenditure against Project EnergyConnect, and reprofile of expenditure for the Renewable Technology Fund and Demand Management Trials. In addition, higher than budgeted income was recognised for recoveries from Project EnergyConnect in 2020-21.

The major expenditure items for 2020-21 primarily relate to Project EnergyConnect, the Home Battery Scheme, the state's temporary generators and the Remote Area Energy Supplies scheme. Further details on agency expenditure are disclosed in the full audited financial statements that are attached to this report.

<b>Statement of Financial Position</b>	<b>2020-21 Budget \$000s</b>	<b>2020-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2019-20 Actual \$000s</b>
Current assets	35,019	137,462	102,443	37,266
Non-current assets	56,387	69,624	13,237	48,993
<b>Total assets</b>	<b>91,406</b>	<b>207,086</b>	<b>115,680</b>	<b>86,259</b>
Current liabilities	(36,636)	(43,040)	(6,404)	(35,749)
Non-current liabilities	(18,054)	(14,239)	3,815	(14,552)
<b>Total liabilities</b>	<b>(54,690)</b>	<b>(57,279)</b>	<b>(2,589)</b>	<b>(50,301)</b>
<b>Net assets</b>	<b>36,716</b>	<b>149,807</b>	<b>113,091</b>	<b>35,958</b>
<b>Equity</b>	<b>36,716</b>	<b>149,807</b>	<b>113,091</b>	<b>35,958</b>

**Consultants disclosure**

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

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

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All consultancies below \$10,000 each - combined	Various	8,138

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

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
ACIL Allen Consulting	Preparation of Home Battery Scheme model and associated advice	30,000
Aurecon Australasia Pty Ltd	Provision of specialist technical advisory services for the Electric Vehicle Charging Integration Study	144,000
BDO Econsearch	Provision of probity services for the Electric Vehicle Action Plan	13,563
BDO Econsearch	High-level risk assessment of the current applications environment (applications and ICT infrastructure)	38,860
Brubrior Investments Pty Ltd	Provision of strategic advice and services provided as Chair of the Steel Task Force	140,000
Clifford William Mallett	Specialist expertise in the field of underground coal gasification to review licensing, environmental and activity applications to advise the department on its approval decision-making process	39,059

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
CQ Partners Pty Ltd	Energy market advisory panel to provide modelling and market analysis services across the agency	10,768
Energy Efficient Strategies	Review of South Australian water heater requirements	41,946
Energy Efficient Strategies	Development of activity specifications and metrics for delivery under the proposed Retailer Energy Productivity Scheme	128,965
Environmental Risk Sciences	Review of risk-based screening levels to be applied in assessing risk posed by legacy contamination in the South Australian Cooper Basin	12,320
Everergi Pty Ltd	Delivery of the proposed statewide Electric Vehicle Charging Network - Site Owners and Hosts Prospectus	27,475
Fenix Performance Solutions	Technical, commercial and financial advice and due diligence services for the Whyalla Steel Works Transformation	16,662
GPA Engineering Pty Ltd	Specialist technical services for projects including the SA Refuelling for Mobility Hydrogen Heavy Vehicles study and electrical engineering advice for the Across Government Electricity Supply	52,708
GUS Commercial Consulting (SA)	Commercial consultancy services including strategic advice, drafting of commercial documents and probity and procurement advice	10,031
Ian Dixon Pty Ltd	Strategic and expert advice to assist in project planning for proposed	10,000

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
	Indigenous Land Use Agreement negotiations	
John Southalan	Review of relevant international and interstate standards and native title schemes for mineral resources exploration and mining	30,000
KPMG	Cost benefit impact assessment of the Australian Energy Market Commission's recommendations in relation to the embedded networks regulatory framework in the National Electricity Market	205,129
Paul Case	Advisory services related to the future of the Leigh Creek Township and Mintabie review, act as chair of committees	105,948
Paul Rocks	Specialised review of petroleum plays (targets) in the state's prospective basins and consolidation into a standard industry format	22,000
PricewaterhouseCoopers	Expert financial, due diligence and risk assessment advice, business case development and project and program assessment for the Steel Task Force	238,288
Resolution88 Pty Ltd	Provision of services for proposed Indigenous Land Use Agreement negotiations	10,500
Robert I Thomas	Expert strategic advice for projects including the Targeted Lead Abatement Program and the Dry Creek Redevelopment Project	128,333

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
RST Solutions Pty Ltd	Provision of services for proposed Indigenous Land Use Agreement negotiations	10,500
Square Holes	Market research of SARIG customer insights and engagement plan	22,000
University of Adelaide	Advisory services relating to the Dry Creek Salt Field	159,160
	Total	1,648,216

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/departement-for-energy-and-mining-annual-report-statistics>

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**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	114,478

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

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Artis Group Pty Ltd	Maintenance and enhancements to the Petroleum Exploration and Production System	149,224
BDO Econsearch	Project management services for departmental information technology	14,490
BDO Econsearch	Provision of a report with options for the integration of geological spatial	39,727

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
	datasets into the primary geoscientific database	
BDO Econsearch	Provide interim support to ensure business continuity while recruitment for a Director Information Strategy and Delivery is undertaken	102,900
Bench Directional Drilling & Civil	Replacement of the rising main for the Brukunga water treatment plant	52,100
Clear Decisions Trust	Project management for minor accommodation works at 11 Waymouth Street and coordination of relocation from 25 Grenfell Street to 11 Waymouth Street	41,220
Consilium Technology Pty Ltd	Technical review and report on the leading submissions to ExploreSA: The Gawler Challenge	34,300
Converge International Pty Ltd	Onsite employee counselling services	64,540
Cowell Electric Supply	Remote Area Energy Supplies scheme – provision of electricity generation, distribution and retail services	4,877,153
Ennovative Pty Ltd	Configuration and implementation of the Virtual Power Plant Customer Relationship Management system	13,563
Gething Pty Ltd	Strategic advice and site host/tenant engagement for South Australia's Electric Vehicle Charging Network	25,225
Golder Associates Pty Ltd	Assessment of potential failure modes for the seepage ponds and tailings storage facility at Brukunga mine	18,505

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Hannan Duck & Partners Pty Ltd	Implementation of the Cyber Security Framework and preparation for the SA Cyber Security Framework attestation exercise	20,227
HyLogging Systems Pty Ltd	Maintenance services for HyLogger™ 3 machine	44,880
KPMG	Delivery of structural change workshops and options development for the agency	44,202
KPMG	Provision of a detailed study report and a prospectus for the development of renewable hydrogen projects, and an online modelling tool for use by potential hydrogen industry investors and infrastructure developers	1,037,574
Metric Marketing Pty Ltd	Delivery of strategic focus group series regarding the electric vehicles charging network	28,900
Money Mob Talkabout Limited	Provision of an energy education program and community engagement around the introduction of smart meters in remote towns and Aboriginal communities under the Remote Area Energy Supplies scheme	950,029
OPM Consulting Pty Ltd	Assist in the servicing of 38 previously deployed broadband seismometers as part of the Gawler Craton broadband seismic survey	34,391
Orewin Pty Ltd	Provide an independent review of the Kanmantoo copper-gold project	12,584
Recap Consultants Pty Ltd	Delivery of the regulatory transition and capability support program to assist	18,303

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
	in regulatory practice and delivery within the changed regulatory environment	
Republic of Everyone Pty Ltd	Development of program design for the Fleet Pledge Program	26,430
Richard Dennis	Provision of legislative drafting services for Mining Regulations 2020	13,350
Rob Kirk Consultants Pty Ltd	Sequence stratigraphy seismic work for Penola Trough and onshore Otway Basin	59,400
Secure Meters (Australia) Pty Ltd	Smart meter services for the Remote Area Energy Supplies scheme	26,508
Solve Geosolutions	Technical review and report on the leading submissions to the ExploreSA: The Gawler Challenge	22,500
Sonnen Australia Pty Limited	Storage, packing and shipping of batteries for the Batteries for Bushfire Rebuilding initiative and deployment on government assets	66,240
Squiz Australia Pty Ltd	Migrate the Petroleum website to the Department of the Premier and Cabinet website platform project	39,720
SRA Information Technology Pty Ltd	Business analysis for the National Data Submission Portal requirements phase	22,302
Terrace Minerals Pty Ltd	Research and summary of significant mineral exploration results reported for mineral exploration projects and a brief summary of major mines over the past 3.5 years	24,000
University of South Australia	UniSA STEM - 2021 Mathematics Clinic -	30,000

Contractors	Purpose	\$ Actual payment
	developing calibration models for low-cost air quality monitors	
WSP Australia Pty Limited	Provision of services relating to hosting, support and maintenance of the hydrogen online modelling tool	27,000
	Total	\$ 7,981,486

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/departement-for-energy-and-mining-annual-report-statistics>

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

The agency’s Risk and Performance Committee (joint with the Department for Innovation and Skills, and the Department for Trade and Investment) has oversight of strategic risks. Membership consists of both internal and external members and the committee is independently chaired.

As part of good governance, we assessed our governance structure and practices to identify opportunities to improve our governance maturity. We also reviewed our Risk Management Framework and instituted a deep dive of key strategic risks.

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	Nil

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

### Strategies implemented to control and prevent fraud

The agency continues to take a risk-based approach to control and prevent instances of fraud. The control framework includes a policy, procedure and Fraud Control Plan to assist with the prevention and detection of fraud, corruption, misconduct and maladministration.

Strategies and activities undertaken include regular reviews of financial and human resource delegation instruments and access controls to operating systems, segregation of duties for approvals and payments in the e-procurement and purchase card systems, and regular reconciliations and reporting.

Communication and training for employees is an essential strategy to ensure staff understand their legal obligations on fraud and corruption. Mandatory training in both the Code of Ethics and Independent Commission Against Corruption Induction for Public Officers is a requirement for all staff.

Staff continued to work flexibly between home and office due to COVID-19. A review of risks and controls was undertaken to reduce the potential of increased risk associated with working remotely from the office.

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/department-for-energy-and-mining-annual-report-statistics>

### Public interest disclosure

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

0

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/department-for-energy-and-mining-annual-report-statistics>

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

## Reporting required under any other act or regulation

Act or Regulation	Requirement
<i>Energy Products (Safety and Efficiency) Act 2000</i>	<p>Section 25—Annual report</p> <p>(1) The Technical Regulator must, within three months after the end of each financial year, deliver to the Minister a report on the Technical Regulator's administration of this Act during that financial year.</p> <p><a href="https://www.energymining.sa.gov.au/footer_links/annual_reports">https://www.energymining.sa.gov.au/footer_links/annual_reports</a></p>

Act or Regulation	Requirement
<i>Electricity Act 1996</i>	<p>Section 14—Annual report</p> <p>(1) The Technical Regulator must, within three months after the end of each financial year, deliver to the Minister a report on the Technical Regulator's operations under this Act during that financial year.</p> <p><a href="https://www.energymining.sa.gov.au/footer_links/annual_reports">https://www.energymining.sa.gov.au/footer_links/annual_reports</a></p>

Act or Regulation	Requirement
<i>Gas Act 1997</i>	<p>Section 14—Annual report</p> <p>(1) The Technical Regulator must, within three months after the end of each financial year, deliver to the Minister a report on the Technical Regulator's operations during that financial year.</p> <p><a href="https://www.energymining.sa.gov.au/footer_links/annual_reports">https://www.energymining.sa.gov.au/footer_links/annual_reports</a></p>

<b>Act or Regulation</b>	<b>Requirement</b>
<i>The Water Industry Act 2012</i>	<p>Section 13—Annual report</p> <p>(1) The Technical Regulator, within three months after the end of each financial year, must deliver to the Minister, a report on the Technical Regulator's operations during that financial year.</p> <p><a href="https://www.energymining.sa.gov.au/footer_links/annual_reports">https://www.energymining.sa.gov.au/footer_links/annual_reports</a></p>

<b>Act or Regulation</b>	<b>Requirement</b>
<i>Petroleum and Geothermal Energy Act 2000</i>	<p>Section 123—Annual compliance report</p> <p>(3) Information on the authorised investigations carried out during the course of a year must be included in a report published by the agency on an annual basis. To this effect, this information is included annually in the agency's <a href="#">annual compliance report</a> tabled in Parliament by the Minister each year.</p>

## Public complaints

### Number of public complaints reported

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2020-21</b>
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	1
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	2
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	1
Policy	Policy application	Incorrect policy interpretation: incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2020-21</b>
Service quality	Information	Incorrect, incomplete, outdated or inadequate information; not fit for purpose	2
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	10
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	1
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	3
		<b>Total</b>	<b>20</b>

<b>Additional Metrics</b>	<b>Total</b>
Number of positive feedback comments	5
Number of negative feedback comments	15
Total number of feedback comments	53
% complaints resolved within policy timeframes	85%

Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/departement-for-energy-and-mining-annual-report-statistics>

**Service Improvements**

The agency values complaints and feedback from members of the public as an important feedback mechanism that contributes to improving services, systems and processes.

The focus for improvement of our Complaints Management System during the year was on the internal complaints handling process. Staff new to the process were trained on the system and assessment process to streamline the allocation and resolution timeframe.

In recognising the importance of access to information we commenced a project to develop a new consolidated and easy to use website. When completed, this will improve service delivery through improved systems and technology and access to services and information. Issues of this nature have been identified through analysis of complaints and customer feedback from 2018 to 2021.

**Compliance Statement**

Department for Energy and Mining is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
Department for Energy and Mining has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

**Appendix: Audited financial statements 2020-21**

**Department for Energy and Mining  
(DEM)**

**Financial Statements**

**For the year ended 30 June 2021**

**Department for Energy and Mining**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2021*

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We certify that the:

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



Paul Heithersay  
**Chief Executive**  
16 September 2021



Ben Adams  
**Chief Financial Officer**  
16<sup>th</sup> September 2021

**Department for Energy and Mining**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Income</u></b>			
Appropriation	2.1	106 837	89 951
SA Government grants, subsidies and transfers	2.2	79 671	48 407
Fees and charges	2.3	24 146	24 899
Sales of goods and services	2.4	4 284	4 556
Interest	2.5	937	957
Commonwealth-sourced grants and funding	2.6	273	866
Resources received free of charge	2.7	5 364	381
Net gain from the disposal of non-current assets	4.4	-	2
Other income	2.8	3 712	4 095
Recoveries	2.9	63 837	5 497
<b>Total income</b>		<b>289 061</b>	<b>179 611</b>
<b><u>Expenses</u></b>			
Grants and subsidies	4.1	84 199	82 350
Supplies and services	4.2	43 269	48 397
Employee benefits expenses	3.3	39 174	40 518
Depreciation and amortisation	5.1, 5.2, 5.3	3 059	9 244
Net loss from the disposal of non-current assets	4.4	44	-
Borrowing costs	4.3	5	7
Other expenses	4.5	5 463	1 981
<b>Total expenses</b>		<b>175 213</b>	<b>182 497</b>
<b>Net result</b>		<b>113 848</b>	<b>(2 886)</b>
<b><u>Other Comprehensive Income</u></b>			
<b>Items that will not be reclassified to net result:</b>			
Changes in property, plant and equipment asset revaluation surplus	5.1	-	3 226
<b>Total comprehensive result</b>		<b>113 848</b>	<b>340</b>

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

**Department for Energy and Mining**  
**Statement of Financial Position**  
*as at 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	84 295	9 927
Receivables	6.2	49 524	27 339
Other current assets	6.3	3 643	-
<b>Total current assets</b>		<b>137 462</b>	<b>37 266</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5.1, 5.2	52 016	47 090
Intangible assets	5.3	2 244	1 903
Receivables	6.2	15 363	-
<b>Total non-current assets</b>		<b>69 623</b>	<b>48 993</b>
<b>Total assets</b>		<b>207 085</b>	<b>86 259</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	13 118	9 919
Employee benefits liability	3.4	4 919	4 870
Financial liabilities	7.2	216	220
Provisions	7.3	194	184
Security deposits	7.4	18 900	16 540
Other current liabilities	7.5	5 693	4 016
<b>Total current liabilities</b>		<b>43 040</b>	<b>35 749</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	884	953
Employee benefits liability	3.4	9 408	10 281
Financial liabilities	7.2	180	212
Provisions	7.3	3 642	3 106
Other non-current liabilities	7.5	125	-
<b>Total non-current liabilities</b>		<b>14 239</b>	<b>14 552</b>
<b>Total liabilities</b>		<b>57 279</b>	<b>50 301</b>
<b>Net assets</b>		<b>149 806</b>	<b>35 958</b>
<b><u>Equity</u></b>			
Retained earnings		115 602	1 754
Asset revaluation surplus		3 226	3 226
Contributed capital		30 978	30 978
<b>Total equity</b>		<b>149 806</b>	<b>35 958</b>

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

**Department for Energy and Mining**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2021*

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	Retained earnings \$'000	Asset revaluation surplus \$'000	Contributed capital \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	<b>4 640</b>	<b>-</b>	<b>246 643</b>	<b>251 283</b>
<b><u>Net result for 2019-20</u></b>	<b>(2 886)</b>	<b>-</b>	<b>-</b>	<b>(2 886)</b>
<b>Total comprehensive result 2019-20</b>	<b>(2 886)</b>	<b>-</b>	<b>-</b>	<b>(2 886)</b>
Gain on revaluation of property, plant and equipment	-	3 226	-	3 226
<b>Total comprehensive result 2019-2020</b>	<b>(2 886)</b>	<b>3 226</b>	<b>-</b>	<b>340</b>
Net assets transferred by proclamation	-	-	(217 149)	(217 149)
Equity contribution received	-	-	1 484	1 484
<b>Balance at 30 June 2020</b>	<b>1 754</b>	<b>3 226</b>	<b>30 978</b>	<b>35 958</b>
<b><u>Net result for 2020-21</u></b>	<b>113 848</b>	<b>-</b>	<b>-</b>	<b>113 848</b>
<b>Total comprehensive result 2020-21</b>	<b>113 848</b>	<b>-</b>	<b>-</b>	<b>113 848</b>
<b>Balance at 30 June 2021</b>	<b>115 602</b>	<b>3 226</b>	<b>30 978</b>	<b>149 806</b>

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

**Department for Energy and Mining**  
**Statement of Cash Flows**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Cash flows from operating activities</u></b>			
<i>Cash inflows</i>			
Appropriation		106 837	91 435
SA Government grants, subsidies and transfers		79 671	48 407
Fees and charges		28 665	30 190
Commonwealth-sourced grants and funding		273	878
Royalties		-	22
Sales of goods and services		4 821	4 619
Loans repaid		3 327	-
Interest		861	957
Net GST recovered from ATO		10 460	11 059
Receipts of security deposits		2 377	12 391
Net receipts from paid parental leave scheme		50	46
Other receipts		28 821	5 816
<b>Cash generated from operations</b>		<b>266 163</b>	<b>205 820</b>
<i>Cash outflows</i>			
Employee benefits expenses		(39 751)	(41 240)
Supplies and services		(52 485)	(54 114)
Refunds of security deposits		(17)	(55)
Grants and subsidies		(90 436)	(92 209)
Loans granted		-	(9 957)
Payments for paid parental leave scheme		(44)	(54)
Cash alignment transfers to Consolidated Account		-	(1 484)
Other payments		(826)	(810)
<b>Cash used in operations</b>		<b>(183 559)</b>	<b>(199 923)</b>
<b>Net cash provided by operating activities</b>	8.2	<b>82 604</b>	<b>5 897</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash inflows</i>			
Proceeds from sale of property, plant and equipment and other assets		36	40
<b>Cash generated from investing activities</b>		<b>36</b>	<b>40</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(8 016)	(2 996)
<b>Cash used in investing activities</b>		<b>(8 016)</b>	<b>(2 996)</b>
<b>Net cash used in investing activities</b>		<b>(7 980)</b>	<b>(2 956)</b>

**Department for Energy and Mining**  
**Statement of Cash Flows**  
*for the year ended 30 June 2021*

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**Cash flows from financing activities**

**Cash inflows**

Capital contributions from SA Government	-	1 484
<b>Cash generated from financing activities</b>	<b>-</b>	<b>1 484</b>

**Cash outflows**

Repayment of principal portion of lease liabilities	(256)	(269)
<b>Cash used in financing activities</b>	<b>(256)</b>	<b>(269)</b>
<b>Net cash (used in) / generated from financing activities</b>	<b>(256)</b>	<b>1 215</b>

<b>Net increase in cash and cash equivalents</b>	<b>74 368</b>	<b>4 156</b>
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Cash at the beginning of the period	9 927	5 771
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<b>Cash at the end of the period</b>	<b>6.1 84 295</b>	<b>9 927</b>
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The accompanying notes form part of these financial statements.

# Department for Energy and Mining

## Notes to and forming part of the financial statements

for the year ended 30 June 2021

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### 1. About the Department for Energy and Mining

The Department for Energy and Mining (the department) is a not-for-profit government department of the State of South Australia established pursuant to the *Public Sector Act 2009* as an administrative unit acting on behalf of the Crown.

The department does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all of the controlled activities of the department.

Administered financial statements relating to administered resources are presented separately as part of this report.

#### 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.

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

Assets and liabilities that are 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, the department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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.

#### 1.2. Objectives and programs

The department was established on 1 July 2018 to deliver affordable, reliable and secure energy supplies in a transitioning national energy market and to responsibly unlock the value and opportunities offered by South Australia's mineral and energy resources.

The department also delivers effective, efficient and transparent regulation for the energy and resources sectors while fostering responsible access and development of the State's mineral and energy endowment to support jobs growth and increased exports.

The department provides leadership in national energy market reforms that integrate energy and climate change policy in national frameworks for mineral and energy resources. The department supports South Australia's role as lead legislator for national energy regulation pursuant to the Australian Energy Market Agreement.

#### Programs

The department has identified two broad programs that reflect the nature of the services provided to the South Australian community.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

***Mineral Resources and Energy***

The purpose of this program is to responsibly regulate, manage and support the development of South Australia's mineral, extractive materials, petroleum and renewable energy assets, and to provide policy development, advocacy and advice to continually improve productivity, efficiency and environmental responsibility across the resources and energy sectors.

The program also supports the enforcement, compliance and promotion of technical and safety regulation of electrical and gas fitting equipment and electrical and gas fitting industry entities to ensure low levels of accidents and failures.

***Water Industry Technical and Safety Regulation***

The purpose of this program is to support the enforcement, compliance and promotion of technical and safety regulation of plumbing equipment and water industry entities to ensure low levels of accidents and failures.

The tables on the following pages present expenses, income, assets and liabilities attributable to each program.

**Income and expenses by program**

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		General / Not attributable		Activity Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Income</b>								
Appropriation	-	-	-	-	106 837	89 951	106 837	89 951
SA Government grants, subsidies and transfers	76 543	45 427	3 128	2 790	-	190	79 671	48 407
Fees and charges	24 146	24 899	-	-	-	-	24 146	24 899
Sales of goods and services	4 284	4 556	-	-	-	-	4 284	4 556
Interest	937	957	-	-	-	-	937	957
Commonwealth-sourced grants and funding	273	866	-	-	-	-	273	866
Resources received free of charge	5 339	363	25	18	-	-	5 364	381
Net gain from the disposal of non-current assets	-	2	-	-	-	-	-	2
Other income	3 707	4 083	5	12	-	-	3 712	4 095
Recoveries	63 837	5 497	-	-	-	-	63 837	5 497
<b>Total income</b>	<b>179 066</b>	<b>86 650</b>	<b>3 158</b>	<b>2 820</b>	<b>106 837</b>	<b>90 141</b>	<b>289 061</b>	<b>179 611</b>
<b>Expenses</b>								
Grants and subsidies	84 197	82 332	2	18	-	-	84 199	82 350
Supplies and services	42 488	47 648	781	749	-	-	43 269	48 397
Employee benefits expenses	37 289	38 653	1 885	1 865	-	-	39 174	40 518
Depreciation and amortisation	2 740	8 946	319	298	-	-	3 059	9 244
Net loss from the disposal of non-current assets	43	-	1	-	-	-	44	-
Borrowing costs	4	6	1	1	-	-	5	7
Other expenses	5 437	1 959	26	22	-	-	5 463	1 981
<b>Total expenses</b>	<b>172 198</b>	<b>179 544</b>	<b>3 015</b>	<b>2 953</b>	<b>-</b>	<b>-</b>	<b>175 213</b>	<b>182 497</b>
<b>Net result</b>	<b>6 868</b>	<b>(92 894)</b>	<b>143</b>	<b>(133)</b>	<b>106 837</b>	<b>90 141</b>	<b>113 848</b>	<b>(2 886)</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.2. Objectives and programs (continued)**

**Assets and liabilities by program**

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		Activity Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Assets</b>						
Cash and cash equivalents	82 844	9 766	1 451	161	84 295	9 927
Receivables	63 763	26 483	1 124	856	64 887	27 339
Other current assets	3 643	-	-	-	3 643	-
Property, plant and equipment	46 576	45 572	5 440	1 518	52 016	47 090
Intangible assets	2 008	1 842	236	61	2 244	1 903
<b>Total assets</b>	<b>198 834</b>	<b>83 663</b>	<b>8 251</b>	<b>2 596</b>	<b>207 085</b>	<b>86 259</b>
<b>Liabilities</b>						
Payables	13 763	10 696	239	176	14 002	10 872
Employee benefits	13 637	14 454	690	697	14 327	15 151
Financial liabilities	389	425	7	7	396	432
Provisions	3 651	3 139	185	151	3 836	3 290
Security Deposits	18 900	16 540	-	-	18 900	16 540
Other liabilities	5 393	3 682	425	334	5 818	4 016
<b>Liabilities</b>	<b>55 733</b>	<b>48 936</b>	<b>1 546</b>	<b>1 365</b>	<b>57 279</b>	<b>50 301</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.3. Impact of COVID-19 pandemic on the department**

The department has continued to maintain service delivery during the COVID-19 pandemic with only a minimal impact to its operations. The most significant financial impact related to delays to Remote Areas Energy Supplies (RAES) projects due to restricted access to remote areas, and grant payments for the Accelerated Discovery Initiative (ADI).

- Expenditure on RAES projects was impacted by delays in the delivery of smart meters for the Future Sustainability Project and by restricted access to remote areas. The capital upgrades of RAES generators and works on the Central Power House were also impacted by restricted access to remote areas.
- Expenditure on the ADI was impacted as approved projects were unable to meet delivery milestones as a result of COVID-19 travel and activity restrictions, combined with restricted access to remote areas.

At the start of COVID-19 in 2020, the department implemented the immediate deferral of mineral exploration licence fees and annual petroleum and geothermal licence fees. The deferred payment due date was December 2020 and all deferred licence fees were paid in full. This has led to reduced aged debtors from licence fees in 2021 compared with 2020 (see note 2.3).

Refer to note 9.4 for impacts in 2021-22.

**1.4. Changes to the department**

There were no changes to the department during the 2021 financial year.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**1.5. Budget performance**

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Statement Note	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>					
<b>Income</b>					
Appropriation	2.1	(a)	134 125	106 837	(27 288)
SA Government grants, subsidies and transfers	2.2		67 696	79 671	11 975
Fees and charges	2.3		25 454	24 146	(1 308)
Sales of goods and services	2.4		4 677	4 284	(393)
Interest	2.5		859	937	78
Commonwealth-sourced grants and funding	2.6		21	273	252
Resources received free of charge	2.7		4 836	5 364	528
Other income	2.8		5 168	3 712	(1 456)
Recoveries	2.9	(b)	-	63 837	63 837
<b>Total income</b>			<b>242 836</b>	<b>289 061</b>	<b>46 225</b>
<b>Expenses</b>					
Grants and subsidies	4.1	(c)	145 096	84 199	(60 897)
Supplies and services	4.2		48 676	43 269	(5 407)
Employee benefits expenses	3.3		41 067	39 174	(1 893)
Depreciation and amortisation			3 471	3 059	(412)
Net loss from the disposal of non-current assets	4.4		-	44	44
Borrowing costs	4.3		-	5	5
Other expenses	4.5		3 768	5 463	1 695
<b>Total expenses</b>			<b>242 078</b>	<b>175 213</b>	<b>(66 865)</b>
<b>Net result</b>			<b>758</b>	<b>113 848</b>	<b>113 090</b>
<b>Investing Expenditure Summary</b>					
		Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Total new projects		(d)	10 300	6 093	(4 207)
Total existing projects			1 882	1 642	(240)
Total annual programs			1 558	1 586	28
<b>Total investing expenditure</b>			<b>13 740</b>	<b>9 321</b>	<b>(4 419)</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.5. Budget performance (continued)**

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

***Income***

- (a) Appropriation is \$27.3 million lower than original budget due to the reprofile of projects including the Home Battery Scheme (\$12.3 million), Renewable Technology Fund (\$7.2 million) and Demand Management Trials (\$6.3 million).
- (b) Recoveries are \$63.8 million above original budget due to the reimbursement of costs incurred by the department to support early works on project EnergyConnect, the SA-NSW interconnector project (\$52.8 million) and for the emergency generators (\$9.4 million).

***Expenditure***

- (c) Grants and subsidies are \$60.9 million below original budget mainly due to reduced grant payments for the EnergyConnect interconnector project (\$20.1 million) and the reprofile and under expenditure for a range of projects including the Renewable Technology Fund (\$11.0 million), Demand Management Trials (\$9.6 million) and Accelerated Discovery Initiative (\$7.2 million).

***Investing Expenditure***

- (d) Expenditure on new projects is \$4.2 million lower than original budget due to delays in the RAES Central Power House upgrade due to COVID-19 (\$2.8 million) and the Modern Resources Customer System Transformation project (\$1.4 million).

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

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

- approximately 80 per cent of accommodation services are supplied by the Department for Infrastructure and Transport;
- 100 per cent of lease payments relate to vehicles supplied by the South Australian Government Financing Authority (SAFA); and
- service level agreement payments are to the Department for Innovation and Skills (DIS) of \$1.2 million for provision of corporate services and the Department of Primary Industries and Regions SA (PIRSA) of \$1.6 million for information technology services.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2. Income**

The department's primary sources of income (excluding appropriations from SA Government) include funding received from the Green Industry Fund and Economic and Business Growth Fund (now the Jobs and Economic Growth Fund) (refer note 2.2), application, rental and licence fees collected pursuant to the *Petroleum and Geothermal Energy Act 2000*, *Mining Act 1971* and *Opal Mining Act 1995* (refer note 2.3), industry licence fees levied by the Essential Services Commission of South Australia (refer note 2.2), and sales of electricity (refer note 2.4).

**2.1. Appropriation**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	106 837	89 951
<b>Total appropriations</b>	<b>106 837</b>	<b>89 951</b>

Appropriations are recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$106.8 million (2020: \$90.0 million) for operational funding and \$0 million (2020: \$1.5 million) as equity contribution. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act.

**2.2. SA Government grants, subsidies and transfers**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Green Industry Fund	53 333	30 846
Economic and Business Growth Fund	14 684	6 180
Industry licence fee allocation	11 329	10 745
Other Intra-government transfers	325	636
<b>Total SA Government grants subsidies and transfers</b>	<b>79 671</b>	<b>48 407</b>

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

The Green Industry Fund contributes towards the department's climate change initiatives including the Home Battery Scheme and the Grid Scale Storage Fund.

The Economic and Business Growth Fund supports programs that seek to stimulate investment and innovation, including the Electronic Vehicle Action Plan, the Accelerated Discovery Initiative, and the Gawler Challenge.

The industry licence fee allocation is the department's funding from licence fees on electricity and gas industry bodies in South Australia. Fees are determined by the Minister for Energy and Mining and are levied by the Essential Services Commission of South Australia.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2.3. Fees and charges**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Mining and petroleum licence fees	22 603	23 395
Mining and petroleum non-licence fees	1 541	1 504
Other fees and charges	2	-
<b>Total fees and charges</b>	<b>24 146</b>	<b>24 899</b>

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

The Department for Energy and Mining is responsible for administration of licenses and other fees under the *Petroleum and Geothermal Energy Act 2000*, *Mining Act 1971* and *Opal Mining Act 1995*.

***Mining and petroleum licence fees***

The department collects mining, petroleum and opal licence fees annually. Even though licences are generally issued for periods greater than one year, all licences are classified as short term in recognition of their non-cancellable, non-amendable period. Fee revenue is recognised at a single point in time when the licence is granted, or on its anniversary date in future annual periods where the licence has not been cancelled, suspended or amended.

***Mining and petroleum non-licence fees***

The department also collects regulatory fees for licence applications, advertising notices, search fees and other administration fees. Revenue is recognised at the time of receipt of payment.

***Contract balances***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivables from contracts with customers, included in 'Receivables'	1 563	4 530
Contract liabilities	(5 637)	(4 016)

Contract liabilities primarily relate to payments of annual rent and regulatory licence fees at the renewal of a mining tenement or subsequent exploration licence. Once a renewal decision has been made and a memorandum has been instrumented in the Mining Register, the payment is then recognised as revenue. Annual rent for mining leases, retention leases and miscellaneous purpose licences which are granted or renewed over freehold land is disbursed to eligible freehold landowners upon receipt of payment.

Contract liabilities have increased due to two significant mining tenements under renewal involving complex assessment processes and finalising a site inspection. The renewal processes will be finalised during the first quarter of 2021-22.

Revenue totalling \$0.3 million was recognised in 2020-21 that was included in contract liabilities at 1 July 2020. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2.4. Sales of goods and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales of electricity	4 284	4 556
<b>Total sales of goods and services</b>	<b>4 284</b>	<b>4 556</b>

Revenue from the sale of electricity is revenue recognised from contracts with customers.

The department receives revenue from the sale of electricity in remote areas. Fees are set annually by the Minister based on average on-grid electricity prices. All billing activities are conducted by an external service provider on behalf of the department, with all funds collected passed directly on to the department.

In the comparative period, revenue from sales of electricity was also recognised as billed (in arrears).

**Contract balances**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivables from contracts with customers, included in 'Receivables'	708	415

There is an unconditional right to receive payment for sales of electricity when billed. No contract assets or liabilities are recognised. Receivables increased during the period mainly due to the timing of the quarterly meter reading in May 2021, resulting in a large number of corresponding invoices not being paid until July 2021, inflating the receivables balance at 30 June 2021.

**2.5. Interest**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest revenues from loans	937	957
<b>Total interest</b>	<b>937</b>	<b>957</b>

Interest revenues relate to loans provided through the Renewable Technology Fund which began in December 2018.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**2.6. Commonwealth-sourced grants and funding**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Grants</b>		
Hydrogen Safety and Regulation	150	-
National Energy Efficient Buildings	60	44
Energy Legislation Drafting	42	-
Bioenergy	21	60
Standalone and Embedded Networks	-	545
Smart Appliances Demand Response	-	100
COAG Hydrogen	-	75
Greenhouse and Energy Minimum Standards (GEMS) Inspections	-	42
<b>Total Commonwealth-sourced grants and funding</b>	<b>273</b>	<b>866</b>

Commonwealth-sourced grants and funding are recognised as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. The obligations under the funding arrangements rest with the department as all funding was received directly from the Commonwealth by the department, with the department representing the State of South Australia's obligations under the grant for accounting purposes. The Commonwealth has provided funding to the State for the following purposes:

- Hydrogen Safety and Regulation - to continue the National Hydrogen Strategy Actions related to hydrogen skills and training.
- National Energy Efficiency Buildings - to support the creation of a mass market for net zero energy-ready homes.
- Energy Legislation Drafting - to draft legislative amendments regarding the Omnibus Bill and Regulatory Sandboxes.
- Bioenergy - to support the development of a national database of biomass resources.

**2.7. Resources received free of charge**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Donated assets	4 836	-
Services received free of charge - Shared Services SA	362	381
ICT Services received free of charge - DPC	166	-
<b>Total resources received free of charge</b>	<b>5 364</b>	<b>381</b>

In 2020-21 current assets valued at \$4.8 million were transferred from the Department for Trade and Investment (DTI) for the Energy Storage and Deployment project (refer to note 6.3). Donated assets were recognised at their fair value.

Financial reporting services were provided free of charge by Shared Services SA as the department is a non-billable client. ICT services were provided free of charge by the ICT and Digital Government (IDG) area in the Department of the Premier and Cabinet. The fair value of these services can be reliably measured, and the services would have been purchased if they had not been donated. This is the first year that IDG provided services free of charge to the department and is the result of a revised billing model across the South Australian Government.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2.8. Other income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Fuel tax credits	1 993	2 434
Support for the regulation of Extractive Mining Operations	1 341	1 328
Other income	378	333
<b>Total other income</b>	<b>3 712</b>	<b>4 095</b>

Fuel tax credits, and support for the regulation of extractive mining operations are recognised as income on receipt.

**2.9. Recoveries**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Project EnergyConnect	52 727	2 700
Emergency generation	9 421	-
Other	1 689	2 797
<b>Total recoveries</b>	<b>63 837</b>	<b>5 497</b>

Recoveries are revenue recognised from contracts with customers. Revenue is recognised at the time of receipt or upon recognition of a receivable.

Recoveries from Project EnergyConnect represent reimbursement of costs incurred by the department to support early works on Project EnergyConnect, the SA-NSW interconnector project (see note 1.5).

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**3. Committees and employees**

**3.1. Key management personnel**

Key management personnel of the department include the Minister, Chief Executive and six members of the Executive Team.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Energy and Mining receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. Disclosures of the Minister's remuneration paid and recovered from the Consolidated Account are contained in the Administered financial statements section of this report.

	<b>2021</b>	<b>2020</b>
<b>Compensation</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short term employee benefits	1 664	1 541
Post-employment benefits	410	506
<b>Total compensation</b>	<b>2 074</b>	<b>2 047</b>

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

There were no transactions with key management personnel and other related parties.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**3.2. Committee members**

Members during the 2021 financial year were:

**Minerals and Energy Advisory Council**

P Carr (Chair)  
D Maxwell ^  
G Toogood ^  
K Hulmes ^  
K Keates  
K Reznikov  
L Owler ^  
M Reed ^  
R Boele ^  
S Bellman ^  
S Masters ^  
S Thuraisingham  
T Burgess ^

**Risk and Performance Committee**

C Dunsford (Chair)  
J Hill  
S Adlaf \*  
J Cirson \*  
N Morris \*

The Risk and Performance Committee is shared with the Department for Trade and Investment (DTI) and the Department for Innovation and Skills (DIS). The committee is remunerated by DIS and costs are recovered through the service level agreement with DIS (refer note 4.2).

\* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for committee duties during 2020-21.

^ Indicates a member entitled to remuneration but has elected not to receive payment.

Payments to committee members include the Chair of the Penrice Community Consultative Committee who is appointed by the Minister for Energy and Mining. This is not an SA Government Committee. The department is reimbursed for these fees as a recovery (note 2.9).

***Committee remuneration***

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

	<b>2021</b>	<b>2020</b>
\$1 - \$19 999	5	5
<b>Total number of members</b>	<b>5</b>	<b>5</b>

The total remuneration received or receivable by members was \$11 000 (2020: \$10 000). Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**3.3. Employee benefits expenses**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
Salaries and wages		30 664	31 127
Employment on-costs – superannuation		3 511	3 540
Annual leave		2 647	2 878
Employment on-costs – other		1 820	1 864
Workers compensation		656	(238)
Skills and experience retention leave		205	231
Committee fees - excluding on-costs	3.2	10	9
Targeted voluntary separation packages		-	439
Long service leave		(339)	668
<b>Total employee benefits expenses</b>		<b>39 174</b>	<b>40 518</b>

***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.

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

***Employee remuneration***

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
\$154 001 to \$174 000	8	8
\$174 001 to \$194 000	8	9
\$194 001 to \$214 000	3	4
\$214 001 to \$234 000	6	4
\$234 001 to \$254 000	3	4
\$254 001 to \$274 000	-	1
\$274 001 to \$294 000	2	-
\$294 001 to \$314 000	-	-
\$314 001 to \$334 000	-	-
\$334 001 to \$354 000	1	1
\$354 001 to \$374 000	1	1
\$394 001 to \$414 000 *	1	2
\$414 001 to \$434 000 *	-	1
\$434 001 to \$454 000 *	-	1
<b>Total</b>	<b>33</b>	<b>36</b>

\* This band includes employees that received TVSP and (or) termination payments in 2019-20.

No employees received TVSPs or termination payments in 2020-21.

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, fringe benefits and any related fringe benefits tax paid.

The total remuneration received by those employees for the year was \$7.1 million (2020: \$8.3 million).

***Targeted voluntary separation packages (TVSPs)***

There were no TVSPs during the reporting period (2020: 5 TVSPs).

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	-	439
Leave paid to separated employees	-	134
<b>Net cost to the department</b>	<b>-</b>	<b>573</b>

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**3.4. Employee benefits liability**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Annual leave	3 249	3 306
Accrued salaries and wages	957	864
Long service leave	410	441
Skills and experience retention leave	303	259
<b>Total current employee benefits</b>	<b>4 919</b>	<b>4 870</b>
<b><u>Non-current</u></b>		
Long service leave	9 408	10 281
<b>Total non-current employee benefits</b>	<b>9 408</b>	<b>10 281</b>
<b>Total employee benefits liability</b>	<b>14 327</b>	<b>15 151</b>

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

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

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

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

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

***Long service leave***

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

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**4. Expenses**

The operating expenses of the department primarily relate to energy initiative programs that include Project EnergyConnect and the Home Battery Scheme, the state's emergency generators, and the Remote Areas Energy Supplies Scheme (RAES).

Employee benefits expenses are disclosed in note 3.3.

**4.1. Grants and subsidies**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Project EnergyConnect	37 050	15 947
Home Battery Scheme	24 289	43 208
Remote Areas Energy Supply Scheme	4 535	4 603
Other grants and subsidies	3 912	6 093
Grid Scale Storage Fund	2 917	-
Renewable Technology Fund	2 612	5 620
Australian Energy Market Commission	2 287	2 382
Energy Productivity Program	1 885	1 980
Bird Lake	1 695	809
Demand Management	1 581	649
Economic and Business Growth Fund Projects	1 436	1 059
<b>Total grants and subsidies</b>	<b>84 199</b>	<b>82 350</b>

**4.2. Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Emergency generation and storage <sup>(a)</sup>	13 209	16 568
Contractors <sup>(b)</sup>	8 726	6 885
Energy supply fuel and lubricants	5 412	7 103
Accommodation	3 906	4 044
Service level agreements <sup>(c)</sup>	3 158	3 706
Office administration expenses	2 025	3 393
Consultants	1 656	1 905
Information technology and communication charges <sup>(d)</sup>	1 653	1 321
Staff related expenses	890	859
Remote areas energy supplies plant and equipment	878	730
Travel and related expenses	619	1 000
Marketing	569	425
Service recoveries	446	325
Accounting and audit fees <sup>(e)</sup>	122	133
<b>Total supplies and services</b>	<b>43 269</b>	<b>48 397</b>

(a) Emergency generation and storage represents payments for operation of the State's emergency generators and the Hornsdale Power Reserve lithium-ion battery.

(b) Contractors include major service contract payments to Cowell Electricity Supply Pty Ltd to manage electricity infrastructure in the RAES communities.

(c) Service level agreements largely represents payments made to DIS and PIRSA for the provision of corporate support and Information Communication Technology support under service level agreements.

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**4.2 Supplies and services (continued)**

- (d) Resources provided free of charge by DPC ICT were \$0.2 million (2020: \$0) and were expensed at fair value (refer to note 2.7).
- (e) Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.1 million (2020: \$0.1 million). No other services were provided by the Auditor-General's Department.

**Accommodation**

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangements issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of lease and are expensed accordingly. Information about accommodation incentives relating to this arrangement is shown at note 7.5.

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**4.3. Borrowing costs**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	5	7
<b>Total borrowing costs</b>	<b>5</b>	<b>7</b>

The department does not capitalise borrowing costs.

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Plant and equipment and other non-current assets</u></b>		
Net proceeds from disposal	36	29
Less net book value of assets disposed	(80)	(27)
<b>Net (loss) / gain from the disposal of plant and equipment</b>	<b>(44)</b>	<b>2</b>

Proceeds from disposal of equipment relate to revenue from auctioning equipment no longer required by the department, offset by the book value of these disposed assets.

**4.5. Other expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Concessional lending discount	2 228	-
Donated current assets	1 193	-
Donated plant and equipment	851	-
NRM Water Catchment Levy	826	810
Shared Services fee	362	381
Asset derecognition	62	834
Accommodation incentive amortisation	(27)	-
Bad and doubtful debts	(32)	(44)
<b>Total other expenses</b>	<b>5 463</b>	<b>1 981</b>

The concessional lending discount relates to a Renewable Technology Fund loan measured at amortised cost.

Donated current assets are transfers of batteries under the Energy Storage Acquisition and Deployment project deploying energy storage on agency properties and bushfire affected households.

Donated plant and equipment relate to transfers to DPC, the State Library and the Department for Education under the Battery Storage demonstration project.

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**5. Non-financial assets**

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

**5.1. Property, plant and equipment owned by the department**

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed with the exception of works of art. Works of art are capitalised irrespective of their value. Property, plant and equipment owned by the department is recorded at fair value. Details about the department's approach to fair value is set out in note 10.2.

Plant and equipment includes \$3.5 million of fully depreciated plant and equipment still in use.

***Impairment***

Revaluation of property, plant and equipment is reviewed regularly and revalued if at any time management considers that the carrying amount of an asset materially differs from its fair value.

***Depreciation***

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

***Review of accounting estimates***

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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 is calculated on a straight-line basis over the estimated useful life as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	25-65
Accommodation improvements	Life of lease
Plant and equipment	1-60

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**5.1 Property, plant and equipment owned by the department (continued)**

**Reconciliation of property, plant and equipment owned by the department**

The following table shows the movement of property, plant and equipment owned by the department during 2020-21:

	Plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July</b>						
<b>2020</b>	8 261	29 614	7 209	70	1 507	46 661
Additions	1 527	274	-	-	6 397	8 198
Capitalisation	1 702	-	-	-	(1 702)	-
Disposals	(80)	-	-	-	-	(80)
Asset derecognition	(62)	-	-	-	-	(62)
Donated assets	(851)	-	-	-	-	(851)
Depreciation	(1 298)	(946)	-	-	-	(2 244)
<b>Carrying amount at 30 June</b>						
<b>2021</b>	<b>9 199</b>	<b>28 942</b>	<b>7 209</b>	<b>70</b>	<b>6 202</b>	<b>51 622</b>
<b>Gross carrying amount</b>						
Gross carrying amount	17 020	30 192	7 209	70	6 202	60 693
Accumulated depreciation	(7 821)	(1 250)	-	-	-	(9 071)
<b>Carrying amount at 30 June</b>						
<b>2021</b>	<b>9 199</b>	<b>28 942</b>	<b>7 209</b>	<b>70</b>	<b>6 202</b>	<b>51 622</b>

The following table shows the movement of property, plant and equipment owned by the department during 2019-20:

	Plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July</b>						
<b>2019</b>	232 434	28 404	6 195	70	1 161	268 264
Additions	817	153	-	-	653	1 623
Capitalisation	-	307	-	-	(307)	-
Disposals	(27)	-	-	-	-	(27)
Asset derecognition	-	(746)	(88)	-	-	(834)
Revaluation increment	-	2 124	1 102	-	-	3 226
Depreciation	(7 815)	(628)	-	-	-	(8 443)
Net assets transferred by proclamation	(217 148)	-	-	-	-	(217 148)
<b>Carrying amount at 30 June</b>						
<b>2020</b>	<b>8 261</b>	<b>29 614</b>	<b>7 209</b>	<b>70</b>	<b>1 507</b>	<b>46 661</b>
<b>Gross carrying amount</b>						
Gross carrying amount	11 233	32 305	7 209	70	1 507	52 324
Accumulated depreciation	(2 972)	(2 691)	-	-	-	(5 663)
<b>Carrying amount at 30 June</b>						
<b>2020</b>	<b>8 261</b>	<b>29 614</b>	<b>7 209</b>	<b>70</b>	<b>1 507</b>	<b>46 661</b>

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**5.1 Property, plant and equipment owned by the department (continued)**

An independent valuation was performed as at 30 June 2020 on the department's land and buildings. As a result, land was revalued upward \$1.1 million and buildings were revalued upward \$2.1 million. The department has assessed these valuations as being materially correct at 30 June 2021.

Battery storage demonstration assets were capitalised and subsequently donated in 2020-21 to nominated South Australian Government buildings within the Adelaide City Council area. Other capitalised assets included generator sets and smart meters under the RAES scheme.

Depreciation on plant and equipment has decreased due to the transfer of the emergency generators to the Treasurer at 30 June 2020.

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**5.2. Property, plant and equipment leased by the department**

Right-of-use (ROU) assets for property, plant and equipment leased by the department as lessee are measured at cost and there was no indication of impairment.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000, are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed under travel and related expenses in note 4.2.

The department has a limited number of leases:

- As at 30 June 2021, the department has 43 motor vehicle leases with the SAFA. Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from three years (60,000km) up to five years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 10.3. Expenses related to leases, including interest and depreciation expenses, are disclosed in notes 4.3 and 5.2. Cash outflows related to leases are disclosed in note 8.2.

Depreciation on right of use vehicles is calculated on a straight-line basis over the life of the lease.

***Reconciliation of property, plant and equipment leased by the department***

The following table shows the movement of property, plant and equipment leased by the department:

	<b>ROU vehicles</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July</b>	429	-
Additions	222	711
Disposals	(1)	(11)
Depreciation	(256)	(271)
<b>Carrying amount at 30 June</b>	<b>394</b>	<b>429</b>
<b>Gross carrying amount</b>		
Gross carrying amount	793	629
Accumulated depreciation	(399)	(200)
<b>Carrying amount at 30 June</b>	<b>394</b>	<b>429</b>

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**5.3. Intangible assets**

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

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

Amortisation of intangible assets is calculated on a straight-line basis over the estimated useful life (3-10 years).

**Reconciliation of intangible assets**

The following table shows the movement of intangible assets during 2020-21:

	<b>Intangibles software</b>	<b>Intangibles work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2020</b>	1 903	-	1 903
Additions	-	900	900
Amortisation	(559)	-	(559)
<b>Carrying amount at 30 June 2021</b>	<b>1 344</b>	<b>900</b>	<b>2 244</b>
<b>Gross carrying amount</b>			
Gross carrying amount	5 075	900	5 975
Accumulated amortisation	(3 731)	-	(3 731)
<b>Carrying amount at 30 June 2021</b>	<b>1 344</b>	<b>900</b>	<b>2 244</b>

The following table shows the movement of intangible assets during 2019-20:

	<b>Intangibles software</b>	<b>Intangibles work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2019</b>	641	1 792	2 433
Capitalisation	1 792	(1 792)	-
Amortisation	(530)	-	(530)
<b>Carrying amount at 30 June 2020</b>	<b>1 903</b>	<b>-</b>	<b>1 903</b>
<b>Gross carrying amount</b>			
Gross carrying amount	2 821	-	2 821
Accumulated amortisation	(918)	-	(918)
<b>Carrying amount at 30 June 2020</b>	<b>1 903</b>	<b>-</b>	<b>1 903</b>

Works in progress relating to the Digital Restart Program and the Tenements Management System (TMS) were capitalised as intangible assets during the year.

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	80 445	9 927
Deposits with the Treasurer – Accrual Appropriation	3 850	-
<b>Total cash</b>	<b>84 295</b>	<b>9 927</b>

**6.2. Receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
<b>Trade receivables</b>		
From non-government entities	48 522	5 108
From government entities	3	93
Allowance for doubtful debts	(340)	(372)
<b>Total trade receivables</b>	<b>48 185</b>	<b>4 829</b>
Loans granted	543	21 104
Accrued revenue	332	712
Accrued interest	76	-
Prepayments	371	277
GST input tax recoverable	-	399
Other receivables	17	18
<b>Total other current receivables</b>	<b>1 339</b>	<b>22 510</b>
<b>Total current receivables</b>	<b>49 524</b>	<b>27 339</b>
<b><u>Non-current</u></b>		
Loans granted	15 363	-
<b>Total non-current receivables</b>	<b>15 363</b>	<b>-</b>
<b>Total receivables</b>	<b>64 887</b>	<b>27 339</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement.

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

The department holds a concessional loan which was initially measured at fair value using a market interest rate and is assessed as being low credit risk at 30 June 2021. Refer to note 10.3 for further information on risk management. The increase in non-current loans granted and decrease in current loans granted in 2021 is due to a new renewable technology fund loan being over a 13 year term, compared to the initial loan at 30 June 2020 having a 12 month term.

The net amount of GST recoverable from the ATO is included as part of receivables (payables in 2021).

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.

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**6.2. Receivables (continued)**

The increase in trade receivables is mostly due to recovery for costs incurred by the department to support early works on project EnergyConnect, the SA-NSW interconnector project (\$44.6 million) (refer to note 1.5), with an associated increase in GST recoverable from the ATO.

**Allowance for Impairment loss on receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2020</b>	(372)	(447)
Decrease in the allowance	32	44
Amounts written off	-	31
<b>Carrying amount at 30 June 2021</b>	<b>(340)</b>	<b>(372)</b>

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in relation to statutory receivables.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

**Loans**

Loans with below-market interest (concessionary) are loans provided by the department into emerging industries to encourage innovation and growth.

The department holds a concessionary loan with the objective of collecting the contractual cash flows and the contractual cash flow to be paid represents payment of principal (being the initial fair value of the loan) and interest (being interest accrued using the effective interest rate method). The loan is measured at amortised cost.

The initial fair value of the loan is measured at the present value of future cash receipts discounted at an appropriate market rate of interest for a similar loan (including borrowers credit risk, security, term, amount) at the date of initial recognition.

The difference between the fair value of the loan on initial recognition and the transaction price is recognised as an asset on the statement of financial position and amortised over the life of the loan.

The increase in the loan amount each reporting period for the accrued income is recognised as interest income.

**6.3. Other current assets**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Energy storage and deployment assets	3 643	-
<b>Total other current assets</b>	<b>3 643</b>	<b>-</b>

In 2020-21 current assets were transferred from the Department for Trade and Investment.

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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Creditors and accrued expenses	7 564	8 706
GST payable	4 614	-
Employment on-costs	940	1 213
<b>Total current payables</b>	<b>13 118</b>	<b>9 919</b>
<b><u>Non-current</u></b>		
Employment on-costs	884	953
<b>Total non-current payables</b>	<b>884</b>	<b>953</b>
<b>Total payables</b>	<b>14 002</b>	<b>10 872</b>

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

The net amount of GST recoverable from the ATO is included as part of receivables in 2020.

***Employment on-costs***

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2020 rate of 42%. The average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The impact on 2021 is not material.

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**7.2. Financial liabilities**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Lease liabilities	216	220
<b>Total current financial liabilities</b>	<b>216</b>	<b>220</b>
<b><u>Non-current</u></b>		
Lease liabilities	180	212
<b>Total non-current financial liabilities</b>	<b>180</b>	<b>212</b>
<b>Total financial liabilities</b>	<b>396</b>	<b>432</b>

The department measures financial liabilities including borrowings/debt at amortised cost.

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

**7.3. Provisions**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Provision for workers compensation	194	184
<b>Total current provisions</b>	<b>194</b>	<b>184</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	3 642	3 106
<b>Total non-current provisions</b>	<b>3 642</b>	<b>3 106</b>
<b>Total provisions</b>	<b>3 836</b>	<b>3 290</b>
<b>Movement in provisions</b>		
Carrying amount at 1 July 2020	3 290	3 686
Increase (decrease) in provisions recognised	546	(396)
<b>Carrying amount at 30 June 2021</b>	<b>3 836</b>	<b>3 290</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
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**7.4. Security deposits**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Security deposits	18 900	16 540
<b>Total security deposits</b>	<b>18 900</b>	<b>16 540</b>

Security deposits are received to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of mining operations. Cash deposits are classified as security deposits. The value of securities held in the form of bank guarantees are reflected as a contingent asset as the department only has claim on these funds if the mining operator fails to meet its legislative requirements.

**7.5. Other liabilities**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Contract liabilities	5 637	4 016
Other	29	-
Accommodation incentive	27	-
<b>Total current other liabilities</b>	<b>5 693</b>	<b>4 016</b>
<b><u>Non-current</u></b>		
Accommodation incentive	125	-
<b>Total non-current other liabilities</b>	<b>125</b>	<b>-</b>
<b>Total other liabilities</b>	<b>5 818</b>	<b>4 016</b>

Contract liabilities relate to payments of rent and annual regulatory fees at the renewal of a mining tenement or subsequent exploration licence. Refer to note 2.3 for further detail.

Accommodation incentive liabilities relate to arrangements with the Department for Infrastructure and Transport for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities under AASB 16 *Leases*. The Department for Infrastructure and Transport has provided a fit-out of accommodation. The benefit of these incentives is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

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**8. Other disclosures**

**8.1. Equity**

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

**8.2. Cash flow**

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

Total cash outflows for leases was \$0.3 million (2020: \$0.3 million).

***Reconciliation of net result to cash flows from operating activities***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Reconciliation of cash and cash equivalents at the end of the reporting period</u></b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	84 295	9 927
<b>Balance as per the Statement of Cash Flows</b>	<b>84 295</b>	<b>9 927</b>
<b><u>Reconciliation of net cash provided by operating activities to net cost of providing services</u></b>		
Net cash provided by in operating activities	82 604	5 897
<b><u>Add / (less) non-cash items</u></b>		
Depreciation and amortisation expense of non-current assets	(3 059)	(9 244)
Concessional lending discount expense	(2 228)	-
Concessional lending discount income	357	-
Amortisation of lease incentive	27	-
Asset derecognition	(62)	(834)
Bad and doubtful debts expense	32	44
Resources received free of charge	528	381
Assets received free of charge	4 836	-
Resources provided free of charge	(528)	(381)
Donated assets	(2 044)	-
(Loss) / gain from the disposal of non-current assets	(44)	2
<b>Net cash provided by / (used in) operating activities before change in assets and liabilities</b>	<b>80 419</b>	<b>(4 135)</b>
<b><u>Movement in assets and liabilities</u></b>		
Increase in receivables	39 387	9 653
(Increase) / decrease in payables	(2 348)	5 303
(Increase) in other liabilities	(1 802)	(1 217)
(Increase) / decrease in provisions	(546)	396
(Increase) / decrease in security deposits	(2 360)	(12 336)
Decrease in employee benefits	1 062	151
Decrease / (increase) in financial liabilities	36	(701)
<b>Net Result</b>	<b>113 848</b>	<b>(2 886)</b>

**Department for Energy and Mining**  
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**9. Outlook**

**9.1. Unrecognised contractual commitments**

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

***Capital commitments***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	4 935	1 370
<b>Total capital commitments</b>	<b>4 935</b>	<b>1 370</b>

The department's capital commitments are for installation of solar and batteries at the Central Power House and smart meters under the RAES program.

***Expenditure commitments***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	51 827	85 510
Later than one year but not later than five years	93 995	89 463
Later than five years	9 926	17 271
<b>Total expenditure commitments</b>	<b>155 748</b>	<b>192 244</b>

The department's expenditure commitments are for agreements for:

- Memoranda of administrative arrangements with the Department for Infrastructure and Transport for accommodation (\$17 million),
- South Australian Grid-Connected Battery Facility (\$27 million),
- Remote area energy supply independent operator subsidies (\$23 million), and
- Management of electricity infrastructure in the remote area energy supply communities (\$17 million).

**Department for Energy and Mining**  
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**9.2. Contingent assets and liabilities**

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

***Contingent assets***

The department receives securities in accordance with Acts administered by the department. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as bank guarantees at 30 June 2021 is approximately \$216 million (2020: approximately \$217 million). The department only has a claim on these funds if the licensee fails to perform its legislative requirements.

***Contingent liabilities***

The nature of activities that the department is involved in can create potential exposure to mining matters, which the department may be required to remedy in the future. The department has some potential outstanding litigation specifically resulting from interpretation of past mining practices and petroleum exploration.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified of past mining practices where there is no longer an active licence. For new activities, it is a lease condition that rehabilitation be undertaken by the leaseholder before a lease is surrendered. The department's responsibility is to ensure that a lease is not surrendered before appropriate rehabilitation has occurred, thus minimising the likelihood of future environmental risks to government. At this time, the financial impact, if any, cannot be reliably estimated.

The department has a financial underwriting commitment for costs of the Accelerated Voltage Regulation Project to be undertaken by South Australian Power Networks (SAPN). Whilst the project has now been implemented, the underwriting liability has not unwound. It is possible that the settlement of the underwriting commitment will result in an outflow of \$10 million in 2021-22 financial year.

The department may have future obligations to reimburse SA Water for any damage to infrastructure sustained through discharge of water from Buckland Dry Creek salt fields via pipeline on SA Water land through the Bolivar outfall channel. At this time the financial impact, if any, cannot be reliably estimated.

## **Department for Energy and Mining**

### **Notes to and forming part of the financial statements**

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#### **9.3. Impact of standards and statements not yet effective**

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

Amending Standard AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current will apply from 1 July 2023. This standard amends AASB 101 Presentation of Financial Statements to clarify the classification of liabilities in the Statement of Financial Position as current and non-current and promote consistency in financial reporting. The amending standard may result in the reclassification of some liabilities from current to non-current or vice versa.

Amending Standard AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates will apply from 1 July 2023 and amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes to Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This amending standard is not expected to impact on the department's general purpose financial statements. The department's internal policies and procedures will be updated to reflect the additional clarification requirements, as required.

#### **9.4. COVID-19 pandemic outlook for the department**

It is expected that the COVID-19 pandemic will have only minimal impact on the operations of the department in 2021-22. The key expected impacts are:

- Additional expenditure in 2021-22 for projects that were delayed in 2020-21 as a result of COVID-19, including RAES capital works and Future Sustainability project, and the Accelerated Discovery Initiative grant program.
- Limits on overseas and inter-state travel and conferences.
- Departmental programs and activities will continue to be refocussed for delivery through digital engagement.

The department is not expecting there to be any significant credit losses, impairment of assets, grant agreements that cannot be satisfied, contingent assets/liabilities or any significant increase of risks in the internal control environment due to the impact of COVID-19.

#### **9.5. Events after the reporting period**

The department is not aware of any event occurring after balance date that would materially affect the financial statements.

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**10. Measurement and risk**

**10.1. Long service leave liability – measurement**

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 SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 2021 (1.25%)

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.9 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance has left the salary inflation rate unchanged from 2020 at 2.5% for long service leave liability. As a result there is no net financial effect from changes in the salary inflation rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

**10.2. Fair value**

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

***Initial recognition***

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

Where assets are acquired at no value, or nominal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

***Revaluation***

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

**Department for Energy and Mining**  
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**10.2. Fair value (continued)**

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when its 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 every 6 years. 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***

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

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 - not traded in an 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); and
- Level 3 - not traded in an active market and are derived from unobservable inputs.

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

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**10.2. Fair value (continued)**

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.1	7 209	-	7 209
Plant and equipment	5.1	-	9 199	9 199
Buildings and accommodation improvements	5.1	-	28 942	28 942
Works of art	5.1	-	70	70
<b>Total recurring fair value measurements</b>		<b>7 209</b>	<b>38 211</b>	<b>45 420</b>
<b>Total fair value measurements</b>		<b>7 209</b>	<b>38 211</b>	<b>45 420</b>

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.1	7 209	-	7 209
Plant and equipment	5.1	-	8 261	8 261
Buildings and accommodation improvements	5.1	-	29 614	29 614
Works of art	5.1	-	70	70
<b>Total recurring fair value measurements</b>		<b>7 209</b>	<b>37 945</b>	<b>45 154</b>
<b>Total fair value measurements</b>		<b>7 209</b>	<b>37 945</b>	<b>45 154</b>

***Land and buildings***

An independent valuation of land and buildings owned by the department was performed in June 2020 by a Certified Practising Valuer from Marsh Valuation Services, as at 30 June 2020.

Fair value of land was determined using the direct comparison approach whereby the evidence derived from the analysis of recent sales of similar properties was used to establish the value of the subject property. In this regard, sales evidence was collected as close to the date of valuation as possible and compared to the subject property on the basis of size, zoning, location, topography, shape and current use. The sales were then analysed on a sales price per square metre or hectare of land area and adjusted accordingly to reflect any character differences between the subject and the comparable sales data.

Given the specialised nature of some of the parcels there were limited directly comparable recent sales evidence available. For properties with limited sales available or more unique zonings and uses a higher number of assumptions and adjustments were required. Where a significant number of assumptions were required the land was valued on a Level 3 basis in the valuation hierarchy. Where sales evidence was available and fewer assumptions were required, the land was valued on a Level 2 basis in the valuation hierarchy.

The fair value of specialised building assets was determined using current replacement cost. A broad search for other similar properties, not only locally based but across the State, indicated that there had been limited registered sales of such properties in the past 18 months.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
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**10.2. Fair value (continued)**

The value of the buildings and site improvements was determined using the cost approach, by first establishing their estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence.

For non-specialised building assets where the asset can be identified as having the capability to be compared to open market conditions, the direct comparison or income approach was adopted whereby the evidence derived from the analysis of recent sales of similar properties was used to establish the value of the subject property. In this regard, sales evidence was collected as close to the date of valuation as possible and compared to the subject property on the basis of quality, age, condition and size of improvements, location, land area and shape. The sales were then analysed on a sales price per square metre of land area and adjusted accordingly to reflect any character differences between the subject and the comparable sales data.

***Plant and equipment***

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.

***Works of art***

An independent valuation was performed by a Certified Practising Valuer from Theodore Bruce, as at 1 June 2018.

Fair value of works of art was determined using the market approach. The valuation was based on recent market transactions for similar items. The valuer used the cost approach (that is, depreciated reproduction cost) taking into account the assets' characteristics and restrictions, due to there not being an active market. The valuation used a combination of internal records, specialised knowledge and market information about reproduction materials.

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**10.2. Fair value (continued)**

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

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

	Plant and equipment	Buildings and accommodation improvements	Works of art	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2020</b>	8 261	29 614	70	37 945
Acquisitions	1 527	274	-	1 801
Capitalised subsequent expenditure	1 702	-	-	1 702
Disposals	(80)	-	-	(80)
Asset derecognition	(62)	-	-	(62)
Donated Assets	(851)	-	-	(851)
<b>Closing balance at the end of the period</b>	<b>10 497</b>	<b>29 888</b>	<b>70</b>	<b>40 455</b>
<b>Losses for the period recognised in net result:</b>				
Depreciation	(1 298)	(946)	-	(2 244)
<b>Total losses recognised in net result</b>	<b>(1 298)</b>	<b>(946)</b>	<b>-</b>	<b>(2 244)</b>
<b>Closing balance at 30 June 2021</b>	<b>9 199</b>	<b>28 942</b>	<b>70</b>	<b>38 211</b>

**Reconciliation of level 3 recurring fair value measurement as at 30 June 2020**

	Plant and equipment	Buildings and accommodation improvements	Works of art	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2019</b>	232 434	28 251	70	260 755
Acquisitions	817	153	-	970
Capitalised subsequent expenditure	-	307	-	307
Transfer into level 3	-	153	-	153
Disposals	(27)	-	-	(27)
Asset derecognition	-	(746)	-	(746)
<b>Closing balance at the end of the period</b>	<b>233 224</b>	<b>28 118</b>	<b>70</b>	<b>261 412</b>
<b>Losses for the period recognised in net result:</b>				
Depreciation	(7 815)	(628)	-	(8 443)
Net assets transferred by proclamation	(217 148)	-	-	(217 148)
<b>Total losses recognised in net result</b>	<b>(224 963)</b>	<b>(628)</b>	<b>-</b>	<b>(225 591)</b>
<b>(Losses) for the period recognised in other comprehensive income (OCI):</b>				
Revaluation increment/(decrements)	-	2 124	-	2 124
<b>Total (losses) recognised in OCI</b>	<b>-</b>	<b>2 124</b>	<b>-</b>	<b>2 124</b>
<b>Closing balance at 30 June 2020</b>	<b>8 261</b>	<b>29 614</b>	<b>70</b>	<b>37 945</b>

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**10.3. Financial instruments**

***Financial risk management***

Risk management is managed by the department's Corporate Services section. Departmental risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The department's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

***Liquidity risk***

The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 7.1 and 7.2 for further information.

***Credit risk***

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

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

***Impairment of financial assets - receivables***

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9 *Financial Instruments*. The department 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 ECL, receivables are grouped based on shared risks characteristics and the days past due. When estimating ECL, the department 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 ECL is the maximum contractual period over which the department is exposed to credit risk.

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

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

The following table provides information about the exposure to credit risk and ECL for non-government debtors. The department has grouped debtors into four distinct revenue streams that are processed using different systems. Mineral Tenements raised in the Tenements Management System (TMS) for fees prescribed under the *Mining Act 1971*, Petroleum licences raised in the Petroleum Exploration and Production System (PEPS) for fees prescribed under the *Petroleum and Geothermal Energy Act 2000*, Remote Area Energy Supply (RAES) managed by Cowell Electric and general invoices.

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**10.3. Financial instruments (continued)**

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>TMS</b>			
Current (not past due)	570	1	8
1 - 30 days past due	28	2	1
31 - 60 days past due	566	5	29
61 - 90 days past due	4	6	-
More than 90 days past due	172	8	14
<b>Loss Allowance</b>	<b>1 340</b>		<b>52</b>
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>PEPS</b>			
Current (not past due)	191		1
1 - 30 days past due	-		-
31 - 60 days past due	20	1	-
61 - 90 days past due	15	1	-
More than 90 days past due	-	2	-
<b>Loss Allowance</b>	<b>226</b>		<b>1</b>
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>General invoices</b>			
Current (not past due)	44 662		155
1 - 30 days past due	19	1	-
31 - 60 days past due	-	6	-
61 - 90 days past due	74	28	21
More than 90 days past due	71	40	28
<b>Loss Allowance</b>	<b>44 826</b>		<b>204</b>
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>RAES</b>			
Current (not past due)	15	2	-
1 - 30 days past due	51	4	2
31 - 60 days past due	(2)	16	-
61 - 90 days past due	-	31	-
More than 90 days past due	199	41	81
<b>Loss Allowance</b>	<b>263</b>		<b>83</b>
<b>Total Loss Allowance</b>	<b>46 655</b>		<b>340</b>

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**10.3. Financial instruments (continued)**

Loss rates are based on actual history of credit loss. These rates have been adjusted to reflect differences between previous economic conditions, current conditions and 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 90 days past due.

Receivables written off during the year are not subject to enforcement activity.

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

All of the department's debt investments (except for concessional loans – refer below) at amortised cost are considered to have low credit risk based on payment history. The ECL is nil.

***Impairment of financial assets - Concessional loans***

The department measures expected credit losses (ECLs) on concessional loans at an amount equal to lifetime credit losses under the general impairment model in AASB 9.

At each reporting date, the department considers whether there has been a significant increase in credit risk of each of the concessional loans since initial recognition and when estimating ECL. The department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes qualitative and quantitative information, based on the department's historical experience and consideration of current and future economic conditions.

The department assumes that the credit risk on a concessional loan has increased significantly if it is more than 30 days past due.

The department considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the department in full, without recourse by the department; or
- The concessional loan is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the concessional loan.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the department under the terms of the contract) and the cash flows that the department expects to recover.

There are no indicators of any significant credit losses over loans provided by the department.

***Market risk***

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

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The department's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**10.3. Financial instruments (continued)**

***Categorisation of financial instruments***

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

***Classification of financial instruments***

The department measures all financial instruments at amortised cost.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**10.3. Financial instruments (continued)**

***Maturity analysis of financial instruments***

Category of financial asset and financial liability	Note	2021 Carrying amount / fair value \$'000	2021 Contractual maturities*		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
Cash	6.1	84 295	-	-	-
Current receivables	6.2	49 153	49 153	-	-
Non-current receivables	6.2	15 363	-	4 661	10 702
<b>Total financial assets at amortised cost</b>		<b>148 811</b>	<b>49 153</b>	<b>4 661</b>	<b>10 702</b>
<b>Financial liabilities</b>					
Payables **	7.1	7 442	7 442	-	-
Other financial liabilities	7.2	396	216	180	-
<b>Total financial liabilities at amortised cost</b>		<b>7 838</b>	<b>7 658</b>	<b>180</b>	<b>-</b>

Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
Cash	6.1	9 927	9 927	-	-
Loans and receivables	6.2	26 663	26 663	-	-
<b>Total assets</b>		<b>36 590</b>	<b>36 590</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Payables **	7.1	8 588	8 588	-	-
Other financial liabilities	7.2	432	220	212	-
<b>Total</b>		<b>9 020</b>	<b>8 808</b>	<b>212</b>	<b>-</b>

\*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

\*\*Excludes statutory payables including fees payable to the Auditor General.

***Receivables and payables***

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges, and Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contracts as enforceable by law. All amounts recorded are carried at amortised cost.

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**11. Trust Fund**

***Extractive Areas Rehabilitation Fund***

The Extractive Areas Rehabilitation Fund is credited with amounts by way of a royalty on extractive minerals and is used for the rehabilitation of land disturbed by extractive mining operations. The funds collected are used to limit damage to any aspect of the environment by such extractive mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to this trust fund for year ended 30 June are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>		
Royalties	3 356	2 945
<b>Total income</b>	<b>3 356</b>	<b>2 945</b>
<b><u>Expenses</u></b>		
Extractive Industries contribution	1 341	1 328
Rehabilitation costs	33	14
Other expenses	-	30
<b>Total expenses</b>	<b>1 374</b>	<b>1 372</b>
<b>Net result</b>	<b>1 982</b>	<b>1 573</b>
<b>Total comprehensive result</b>	<b>1 982</b>	<b>1 573</b>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current assets</u></b>		
Cash	31 544	29 562
<b>Total assets</b>	<b>31 544</b>	<b>29 562</b>
<b>Net assets</b>	<b>31 544</b>	<b>29 562</b>
<b><u>Equity</u></b>		
Net receipts	1 982	1 573
Retained earnings	29 562	27 989
<b>Fund balance at the end of the period</b>	<b>31 544</b>	<b>29 562</b>

**Department for Energy and Mining  
(DEM)**

**Administered Financial Statements**

For the year ended 30 June 2021

**Department for Energy and Mining**  
**Statement of Administered Comprehensive Income**  
*for the year ended 30 June 2021*

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	2021	2020
	\$'000	\$'000
<b><u>Administered income</u></b>		
Appropriation	403	403
Royalties	322 938	311 997
Other income	5 150	7 163
<b>Total administered income</b>	<b>328 491</b>	<b>319 563</b>
<b><u>Administered expenses</u></b>		
Employee benefits expenses	403	403
Payment of royalties to the Consolidated Account	322 938	311 997
Other expenses	5 166	7 163
<b>Total administered expenses</b>	<b>328 507</b>	<b>319 563</b>
<b>Net result</b>	<b>(16)</b>	<b>-</b>
<b>Total comprehensive result</b>	<b>(16)</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Department for Energy and Mining**  
**Statement of Administered Financial Position**  
*as at 30 June 2021*

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered current assets</u></b>		
Cash and cash equivalents	25 039	24 126
Receivables	6	28
<b>Total current assets</b>	<b>25 045</b>	<b>24 154</b>
<b>Total assets</b>	<b>25 045</b>	<b>24 154</b>
<b><u>Administered current liabilities</u></b>		
Payables	24 860	24 307
Other liabilities	357	3
<b>Total current liabilities</b>	<b>25 217</b>	<b>24 310</b>
<b>Total liabilities</b>	<b>25 217</b>	<b>24 310</b>
<b>Net assets</b>	<b>(172)</b>	<b>(156)</b>
<b><u>Administered equity</u></b>		
Retained earnings	(172)	(156)
<b>Total equity</b>	<b>(172)</b>	<b>(156)</b>

The total equity is attributable to the SA Government as owner.

**Department for Energy and Mining**  
**Statement of Administered Cash Flows**  
*for the year ended 30 June 2021*

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	2021	2020
	(Outflows)	(Outflows)
	Inflows	Inflows
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
<u>Cash inflows</u>		
Appropriation	403	403
Royalties receipts	324 652	314 540
Other receipts	5 150	7 163
<b>Cash generated from operations</b>	<b>330 205</b>	<b>322 106</b>
<u>Cash outflows</u>		
Employee benefits expenses	(403)	(403)
Other payments	(4 812)	(7 847)
Payment of royalties to the Consolidated Account	(324 077)	(309 847)
<b>Cash used in operations</b>	<b>(329 292)</b>	<b>(318 097)</b>
<b>Net cash provided by operating activities</b>	<b>913</b>	<b>4 009</b>
<b>Net increase in cash and cash equivalents</b>	<b>913</b>	<b>4 009</b>
Cash and cash equivalents at the beginning of the period	24 126	20 117
<b>Cash and cash equivalents at the end of the period</b>	<b>25 039</b>	<b>24 126</b>

The accompanying notes form part of these financial statements.

**Department for Energy and Mining**  
**Schedule of Expenses and Income Attributable to Administered Activities**  
*For the year ended 30 June 2021*

	<b>Royalties</b>		<b>Native Title Agreement</b>		<b>Mintabie Administration</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered income</u></b>						
Appropriation	-	-	-	-	-	-
Royalties	322 938	311 997	-	-	-	-
Other income	-	-	5 150	7 163	-	-
<b>Total administered income</b>	<b>322 938</b>	<b>311 997</b>	<b>5 150</b>	<b>7 163</b>	<b>-</b>	<b>-</b>
<b><u>Administered expenses</u></b>						
Employee benefits expenses	-	-	-	-	-	-
Payment of royalties to the Consolidated Account	322 938	311 997	-	-	-	-
Other expenses	-	-	5 150	7 163	16	-
<b>Total administered expenses</b>	<b>322 938</b>	<b>311 997</b>	<b>5 150</b>	<b>7 163</b>	<b>16</b>	<b>-</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>-</b>

	<b>Ministers' Salary</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered income</u></b>				
Appropriation	403	403	403	403
Royalties	-	-	322 938	311 997
Other income	-	-	5 150	7 163
<b>Total administered income</b>	<b>403</b>	<b>403</b>	<b>328 491</b>	<b>319 563</b>
<b><u>Administered expenses</u></b>				
Employee benefits expenses	403	403	403	403
Payment of royalties to the Consolidated Account	-	-	322 938	311 997
Other expenses	-	-	5 166	7 163
<b>Total administered expenses</b>	<b>403</b>	<b>403</b>	<b>328 507</b>	<b>319 563</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>-</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**A1. Basis of preparation and accounting policies**

The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

**A2. Objectives / activities of the department's administered items**

The department's administered items are structured to contribute to three main activities:

***Royalties***

The department receives royalties levied on minerals and petroleum production on behalf of the State Government. Royalty receipts are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1958*, *Mining Act 1971* and the *Petroleum and Geothermal Energy Act 2000*. Royalty receipts are returned to the Consolidated Account in the month following collection.

***Native Title Agreement***

The department collects revenue via a levy equivalent to 10% of the total royalty payable for relevant royalty payers. This is offset by payments made to two Aboriginal Councils in the Anangu Pitjantjatjara Yankunytjatjara Lands.

***Mintabie Administration***

The Mintabie Township Lease and Lease Agreement came into operation on 1 July 2012. The department administered the residential campsite licencing system and regulation. The lease was terminated with effect from 30 June 2019.

**A3. Change to the department's administered items**

There were no changes to the department's administered items in the year ended 30 June 2021.

**A4. Impact of COVID-19 pandemic on the department's administered items**

The worldwide impacts of COVID-19 contributed to a significant fall in petroleum prices, which have recently started to strengthen. The reduction in petroleum royalties was more than offset by minerals royalties in 2021, as iron ore pricing remained strong. Overall, royalties have increased in 2021, largely reflecting improvements in mineral commodity prices supported by higher than forecast production levels.

Forecasts for royalties show a consistent level of growth as a result of commodity pricing improvements and higher production levels.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**A5. Budget performance**

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	<b>Original budget 2021 \$'000</b>	<b>Actual 2021 \$'000</b>	<b>Variance \$'000</b>
<b>Statement of Administered Comprehensive Income</b>			
<b><u>Administered Income</u></b>			
Appropriation	403	403	-
Royalties	300 875	322 938	22 063
Other income	5 551	5 150	(401)
<b>Total administered income</b>	<b>306 829</b>	<b>328 491</b>	<b>21 662</b>
<b><u>Administered Expenses</u></b>			
Employee benefits expenses	403	403	-
Payment of royalties to the Consolidated Account	300 875	322 938	22 063
Other expenses	5 551	5 166	(385)
<b>Total administered expenses</b>	<b>306 829</b>	<b>328 507</b>	<b>21 678</b>
<b>Net result</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses. There were no variances that exceeded these thresholds.