



**Government
of South Australia**

Department for Energy and Mining
2021-22 Annual Report

DEPARTMENT FOR ENERGY AND MINING

11 Waymouth Street, Adelaide

GPO Box 320, Adelaide SA 5000

www.energymining.sa.gov.au

Contact phone number: 08 8463 3000

Contact email: DEM.OCE@sa.gov.au

ISSN: 2652-7553

Date presented to Minister: 30 September 2022

OFFICIAL

To:

Honourable Tom Koutsantonis MP
Minister for Infrastructure and Trade
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:

Paul Heithersay
Chief Executive

Date 30 September 2022 Signature

A handwritten signature in black ink, appearing to be 'PH', written over a large, empty oval shape.



Welcome to the Department for Energy and Mining’s annual report for 2021-22, an opportunity to outline the agency’s activities throughout another challenging 12 months as South Australia transitioned its pandemic response and began to look toward a post-COVID-19 recovery.

While most of the first nine months of the year were conducted under the stewardship of the Marshall Government, 19 March 2022 led to a change of leadership under the incoming Malinauskas Government.

As Chief Executive, I welcome the appointment of the Honourable Tom Koutsantonis MP as the Minister for Energy and Mining and look forward to working with the new government to implement their priorities for contributing to the world’s net zero emissions future as part of the global energy transformation. I also want to acknowledge the support provided to the department by the outgoing Minister for Energy and Mining, the Honourable Dan van Holst Pellekaan. Much of the ground this annual report covers relates to his tenure as the Minister responsible for this department.

In 2021-22 the department adopted a vision of becoming the most transformative energy and mining department in the world. The department is one of the very few government departments in the world that has responsibility for the link between mineral resources development and the transition to renewable energy. As a major exporter of copper and uranium, South Australia is already making a significant contribution to the ability of other countries to transition their economies to a low carbon future.

We are also proud of the leadership South Australians have shown in translating our coincidence of solar and wind resources into renewable energy generation. As an early mover in the uptake of renewable energy, South Australia has had to overcome

many of the obstacles to increasing the penetration of solar and wind power into our electricity market and have learned fundamental lessons that can be shared with other jurisdictions. These pioneering efforts include the investment in the Hornsdale Power Reserve, best known as the first big battery, and its subsequent expansion. South Australia has also encouraged investment in synchronous condensers to further add power system strength and stability, and we have embarked on greater interconnection within the National Electricity Market, initially from the upgrade of the Heywood Interconnector and subsequently the construction of Project Energy Connect to build a high-voltage transmission line linking South Australia and New South Wales.

South Australia is now poised to move into the next phase of its transformation with hydrogen as a storage medium for renewable energy generation, an increased focus on demand management, and greater electric vehicle and home storage penetration and the opportunities that creates for a achieving the state's emissions targets.

At the same time, the department continued to provide leading regulation of the mining, petroleum, water, gas and electricity markets through legislative and regulatory frameworks that deliver on the South Australian community's expectations for safety, sustainability, reliability and affordability. We are also stewards of the trove of geological information built up through decades of exploration and scientific inquiry.

Leadership, delivery and engagement are key to the department's culture. The department acknowledges the fundamental role the Aboriginal people play as custodians of their heritage and managers of the land and resources. In their tradition, we attempt to manage these resources for the benefit of all South Australians. We also acknowledge the substantial contribution of South Australia's regional towns as host to the many mineral, energy and renewable projects that are located in their communities.

By engaging with Aboriginal and regional communities in an atmosphere of mutual respect and partnership, the department aims to ensure that South Australia's ongoing economic development is welcome, and its wider social and environmental benefits are understood and shared for the wellbeing of everyone in the state.

Programs highlighted in the 2021-22 annual report align with these ambitions. For completeness, this annual report also includes previous government programs that were in effect in 2021-22 but are now being wound down as part of the process of reprioritising spending in the incoming government's first State Budget for 2022-23.

This annual report also covers the initial phases of the Hydrogen Jobs Plan, with the department providing support for the Office of Hydrogen Power South Australia, which was proclaimed as an attached office to the Department for Energy and Mining, under the leadership of inaugural Chief Executive Mr Sam Crafter. As the incoming government's signature economic policy, the Hydrogen Jobs Plan will be a major endeavour and the department has begun the process of initiating pioneering legislation to guide the development of a hydrogen economy.

As Chief Executive, I acknowledge the hard work and conscientiousness of the staff of the Department for Energy and Mining. Despite the many obstacles created by the pandemic, the department workforce has been adaptive and resilient so that the core services we provide and the industries that we regulate have continued to operate without major disruption, ensuring South Australia is well-placed to lead the way in the post-pandemic recovery.

Paul Heithersay

Chief Executive

Department for Energy and Mining

Contents

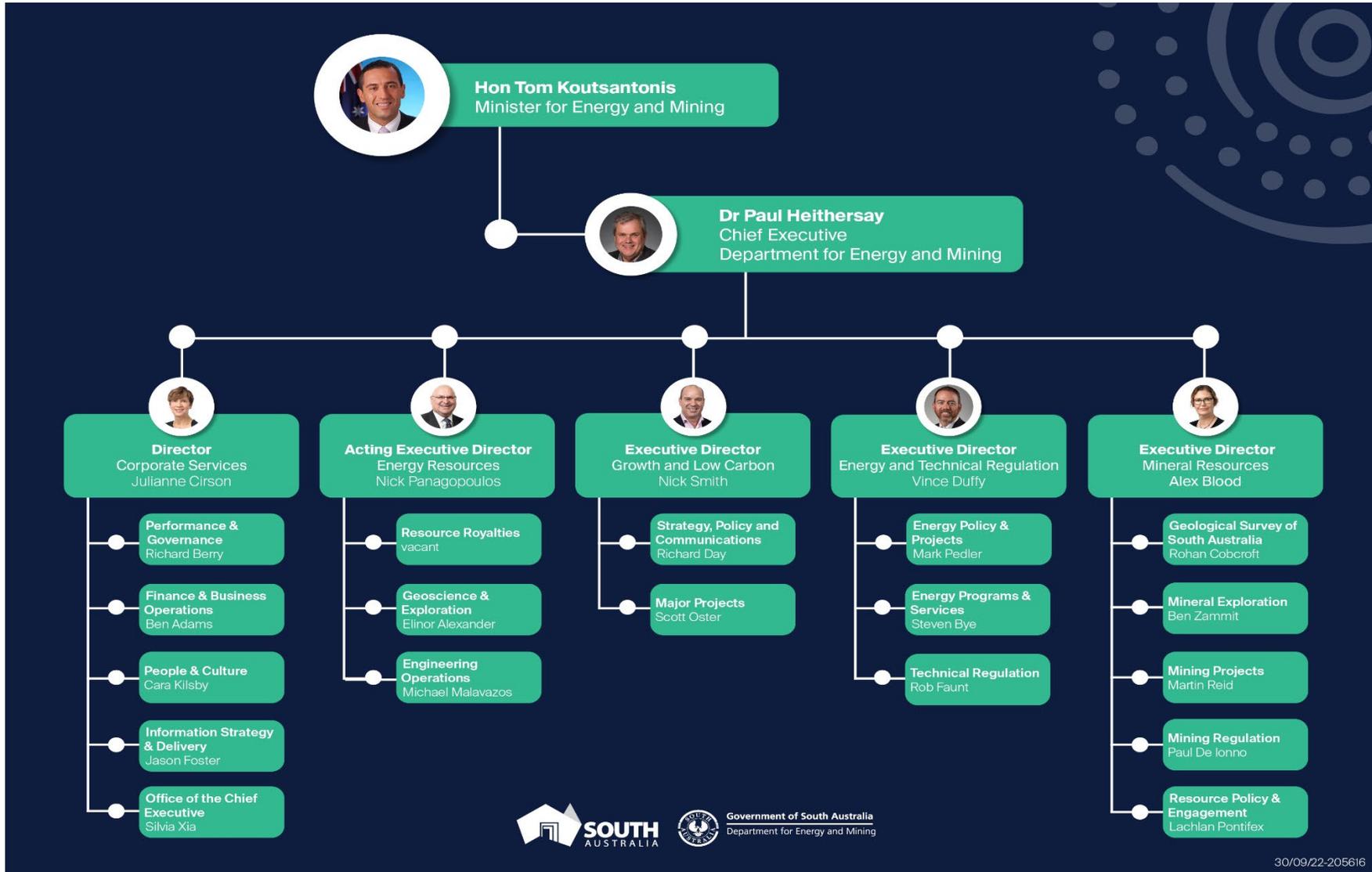
Overview: about the agency	Error! Bookmark not defined.
Our strategic focus	7
Our organisational structure	8
Changes to the agency	9
Our Minister	9
Our Executive team	10
Legislation administered by the agency	13
The agency's performance	14
Performance at a glance	14
Agency response to COVID-19	16
Agency contribution to whole of Government objectives	16
Agency specific objectives and performance	17
Corporate performance summary	20
Employment opportunity programs	20
Agency performance management and development systems	21
Work health, safety and return to work programs	22
Executive employment in the agency	24
Financial performance	25
Financial performance at a glance	25
Consultants disclosure	25
Contractors disclosure	28
Risk management	34
Risk and audit at a glance	34
Fraud detected in the agency	34
Strategies implemented to control and prevent fraud	34
Public interest disclosure	35
Reporting required under any other act or regulation	36
Public complaints	37
Number of public complaints reported	37
Additional Metrics	39
Service Improvements	39
Compliance Statement	40
Appendix: Audited financial statements 2021-22	41

Overview: about the agency

Our strategic focus

Our Purpose	Supporting a successful energy and mining sector that enables South Australia to responsibly grow and thrive.
Our Vision	The most transformative energy and mining government department in the world.
Our Values	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.
Our functions, objectives and deliverables	<ul style="list-style-type: none"> • Support and lead where appropriate the South Australian Governments vision for hydrogen in supplying energy security, exports and Jobs. • Provide regulatory frameworks that deliver sustainable development and service standards within technical, safety, social and environmental expectations. • Provide a secure, reliable energy system and lower energy process for all South Australians. • Increase exploration and resource investment to support job creation, economic growth and royalties for South Australia. • Grow the future economy and lead Australia’s transition to a zero-carbon future.

Our organisational structure



30/09/22-205616

Changes to the agency

During 2021-22 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

On 19 May 2022 the Office of Hydrogen Power South Australia was established as an attached office to the Department for Energy and Mining.

Our Minister



The Hon Tom Koutsantonis MP was elected to the South Australian Parliament at the age of 26 making him one of the youngest MPs ever elected in South Australia's history.

He is currently the longest serving MP in the State Parliament having been re-elected by his community for over 24 years in the seat of West Torrens.

Tom is currently Minister for Infrastructure and Transport, Minister for Energy and Mining and the Leader of Government Business in the House of Assembly. He has also previously held the portfolios of Correctional Services, Youth and Volunteers, Gambling, Small Business, State Development and as Treasurer.

Tom was raised in the western suburbs by Greek migrant parents, Tony and Toula. He attended Cowandilla and Netley Primary Schools before attending Adelaide High School and going on to study at the University of Adelaide.

Tom joined the Australian Labor Party at a young age with the encouragement of Labor stalwart and former South Australia Deputy Premier, the late Jack Wright.

He worked as a union advocate at the Shop Distributive and Allied Employees' Association, then went on to work for the then Shadow Attorney General Michael Atkinson.

Tom entered Parliament to make a difference for working people, people who need the voice and advocacy of a Labor Government. Jobs, green energy and manufacturing are his passions.

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.



Alex Blood, Executive Director, Mineral Resources, leads the team responsible for the regulation of mining, quarrying and mineral exploration, and provision of geoscience data and information through the Geological Survey of South Australia. The division has led nationally in geoscience and machine learning – artificial intelligence integration and innovation in data delivery. The team has delivered global crowdsourcing challenges and partners to support the engineering and technology supply chain. Alex has been awarded Australian Environmental Practitioner of the Year by the Environment Institute of Australia and New Zealand. She is the former chair and a member of the Australia and New Zealand Board for environmental professional certification.



Julianne Cirson, Director Corporate Services, leads a multidisciplinary 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.



market programs.

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



In Memory of Barry Goldstein, Executive Director, Energy Resources. Barry held this position in 2021-22 before his death due to ill health in July 2022. In his role of 20 years, he was 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, exploring for and discovering new fields in Asia, Europe, Africa, the Caribbean and Australia. Barry received an Order of Australia Public Service Medal in 2014, a Lewis G Weeks medal from the Australian Petroleum Producers and Explorers Association for outstanding contribution to petroleum exploration and was inducted into the Australian Institute of Energy – South Australia Hall of Fame.



Nick Panagopoulos, Acting Executive Director of Energy Resources leads the team responsible for managing the states petroleum, geothermal and gas storage assets through world class regulation and compliance monitoring. The division is also focused on helping the state's transition to modern energy through strategies to facilitate carbon capture and storage technologies, natural hydrogen exploration and hydrogen generation, storage, and transmission. Nick joined the department in April 2013 as the Director Resource Royalties. Prior to that Nick spent 13 years working in the property industry, based in Sydney. He was the Chief Risk Officer for the GPT Group, one of Australia's largest diversified property groups and a top 50 ASX listed company from 2005 till 2012 and before that worked as the Asia Pacific Regional Risk Manager for Lend Lease.



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.

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

Petroleum Products Regulation Act 1995

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

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

The Office of Hydrogen Power South Australia was established as an attached office to the Department for Energy and Mining.

The agency's performance

Performance at a glance

With the change of government in March 2022, the Department for Energy and Mining's emphasis has been directed to delivering the incoming government's priorities, specifically the Hydrogen Jobs Plan, its signature economic policy.

Support was provided for the Office of Hydrogen Power South Australia, which was proclaimed as an attached office to the Department for Energy and Mining. The Hydrogen Jobs Plan will be a major endeavour for the South Australian Government.

The department has begun a process of initiating pioneering legislation to guide the development of a hydrogen economy and is developing a hydrogen export strategy. This strategy will build on previous work of the department including the publication of a marketing tool and partnership with the Australian Government to identify hydrogen export opportunities in the Upper Spencer Gulf.

As part of the government's election commitments, the department will also investigate mechanisms to increase community renewable energy systems to align with the Australian Government's community battery and solar banks program, which has already identified Edwardstown as a potential pilot site.

Since the commencement of new Mining Regulations in January 2021, a lean review was completed of all key regulatory processes to streamline and seek to improve efficiency, and to inform the future development of a fully digital mineral resources regulatory system for government and industry.

The department also acknowledges the value given by the Landowner Information Service delivered by Rural Business Support, in providing free, factual and impartial information to landowners, farmers and community members who have queries on resources, exploration, mining and quarrying.

As part of the department's plain English campaign to improve accessibility to regulatory information, a series of community videos and review of published documentation was also completed. The Mining and Energy Advisory Committee continued to be facilitated by the department providing insight and feedback to the department on energy, resources, innovation and wide-ranging strategic matters.

In collaboration with the Mineral Exploration Cooperative Research Centre, the Geological Survey of South Australia undertook works in the Delamarian region to advance the National Drilling Initiative. This successful program has delivered new data insights into this prospective part of the state and the use of the innovative coiled tubing drill rig has contributed to its further commercialisation and technology testing.

In Energy Resources, the department facilitated and shared a new Cooper Basin reprocessed seismic dataset with industry and researchers and established a virtual core library as part of its online energy resources PEPS database. Significant growth in exploration licence applications throughout 2021 was driven by interest from natural hydrogen and geothermal energy explorers.

Other major initiatives included Roundtable for Oil and Gas projects and support for developing carbon capture, utilisation and storage opportunities in the Cooper Basin.

Through the Office of the Technical Regulator, the department undertook a thorough review and implemented amendments to the Electricity (Principles of Vegetation Clearance) Regulations 2021.

The office also engaged with industry to prepare for the smooth introduction of hydrogen and biogas as future fuels while compliance staff continued to adapt to new and emerging energy technologies, with a strong focus on safety and reliability aspects of distributed energy resources.

A grant contract was awarded to the Royal Automobile Association to build South Australia's statewide Electric Vehicle Charging Network, targeting 140 sites to deliver 536 rapid and fast chargers in 52 rural, regional and metropolitan service locations. Demand management trials were also rolled out to identify innovative ways to empower consumers as both energy users and providers.

The Remote Area Energy Supply Scheme Future Sustainability Program continued to be rolled out, with installation of smart meters across the entire scheme to improve energy efficiency and service delivery. Smart meters also allowed the introduction of more flexible payment options for participants.

The department continued work to upgrade energy generation on the Anangu Pitjantjatjara Yankunytjatjara Lands, with three megawatts of solar panels and one megawatt of battery storage installed to integrate clean renewable energy into the Central Power House to cut annual diesel consumption by about 700,000 litres.

After providing support to bring forward early works on the South Australia to New South Wales interconnector transmission line, private sector investment partners Electranet and Transgrid progressed Project EnergyConnect through the approvals processes in South Australia and New South Wales. Construction work began in South Australia's Mid North region on the 900-kilometre transmission line project that will provide greater interconnection within the National Electricity Market.

Support for regional sustainability and major projects was provided to Port Pirie's continued transformation through the Targeted Lead Abatement Program, and implementation of the Future Town Plan for Leigh Creek.

As part of its People and Culture initiatives, the department has maintained its White Ribbon accreditation, begun updating its Reconciliation Action Plan, introduced new governance structures beginning with terms of reference for the Executive Leadership Team, and continued to place greater emphasis on promoting diversity and inclusion as a key element of the department's workplace culture.

In the first nine months of the 2021-22 financial year, prior to the change of government, the department implemented programs identified in the South Australia's Energy and Mining Strategy that sought to contribute to Growth State – Our Plan for Prosperity.

To support this strategy, the Mineral Resources Division developed the Accelerated Discovery Initiative, Explore SA: The Gawler Challenge, the Playford Scholarship engineering program, Core Innovation at Lot Fourteen, Thinking Critical South Australia (Global Supply Chain Competition), the Gawler Challenge Phase 2, South Australia Discovery Mapping geoscience program, the early works for an Underground Innovation Centre at Prominent Hill, Critical Minerals South Australia and Phase 1 of the Mining and Exploration Regulatory System digital project.

Agency response to COVID-19

With the decision to reopen borders as part of the COVID Ready plan, the department adapted its response plan to target tracing, testing, isolation and quarantine as effective measures to minimise the spread of infection within the workplace. The department continued to liaise with energy and mining industry groups and enterprises to ensure similar measures were adopted to maintain business continuity in these sectors that are essential to the ongoing economic activity of the state. The agency continues to provide flexible workplace arrangements and effective social density and personal hygiene protocols to maintain a healthy working environment. The department continues to use online tools to remotely engage with stakeholders and for meeting within the agency. Members of the agency previously mobilised as part of the public sector's pandemic response, have also now returned to their previous duties.

Agency contribution to whole of Government objectives

The department and its staff contribute to whole-of-government objectives through its work on the Hydrogen Jobs Plan, a hydrogen export strategy and through investigating mechanisms to increase community renewable energy systems.

As a key regulatory agency administering more than 20 Acts of Parliament, the department also contributes to the maintenance of environmental and workplace safety standards across the mineral resources, quarrying, energy resources, electrical, plumbing and gas-fitting industries.

Agency's contribution

- Deliver and enforce effective, efficient and transparent regulation.
- Increase the wellbeing of households and support the competitiveness and economic growth of businesses.
- Generate precompetitive geoscience and innovative data programs that lead to new discoveries.
- Grow sustainable energy, minerals, petroleum and associated services and value-chain industries for local export markets.

Agency specific objectives and performance

Deliver more effective, efficient and transparent regulation of the mineral resources, energy resources and energy market sectors, and the electrical, plumbing and gas-fitting professions.

Agency objectives	Indicators	Performance
Deliver and enforce effective, efficient and transparent regulation.	Demonstrably provide regulatory frameworks that deliver sustainable development and service standards within technical, safety, social and environmental expectations.	<p>The Office of the Technical Regulator undertook 9,949 safety and compliance audits on plumbing, gas and electrical installations across South Australia and issued 39 expiations for serious breaches of the relevant Acts.</p> <p>The Energy Resources Division conducted 87 individual site inspections. Seven sites were issued environmental improvements notices and four cases required step two persuasive measures to instigate corrective actions.</p> <p>The Mineral Resources Division completed 340 inspections across mining and exploration tenements. A total of 31 mining-related programs were assessed and approved, and 131 exploration programs were assessed and approved.</p>
Increase the wellbeing of households and support the competitiveness	Provide a secure, reliable energy system with lower energy prices for all South Australians.	Average annual electricity retail standing offer prices decreased while market offer prices increased for both residential and small business customers over the 12 months to 30 June 2022.

<p>and economic growth of businesses.</p>	<ul style="list-style-type: none"> • Average residential annual electricity retail standing offer prices fell by 7.9% (equivalent to a bill reduction of \$170). Average market offer prices increased by 5.1% (equivalent to a bill increase of \$100). As of 30 June 2021, average market offer prices were \$216 lower than standing offer prices, but as of 30 June 2022, they changed to being \$53 higher. • Average small business annual electricity retail standing offer prices fell by 4.5% (equivalent to a bill reduction of \$195). Average market offer prices increased by 2.2% (equivalent to a bill increase of \$86). This reduced the average discount between the two types of offers from \$532 to \$251. <p>Average annual gas retail standing offer and market offer prices for both residential and small business customers generally increased over the 12 months to 30 June 2022.</p> <ul style="list-style-type: none"> • Average residential annual gas retail standing offer and market offer prices increased by 1.9% and 9.7% (equivalent to bill increases of \$22 and \$101), respectively. This reduced the average discount between the two types of offers from \$116 to \$37. • Average small business annual gas retail standing offer and market offer prices increased by 1.4% and 1.0% (equivalent to bill increases of \$96 and \$60), respectively. This increased the average discount between the two types of offers from \$604 to \$671. <p>As of 30 June 2022, four out of the 10 gas retailers were marketing to either some or all of the regions outside of the Adelaide metropolitan area. Those retailers offered the same gas retail standing offer prices to its metropolitan and non-metropolitan residential customers. Not all retailers had market offers available priced at a discount to its standing offer in 2021-22.</p> <p>There was a wide range of discounts between electricity retail standing offers</p>
---	---

		<p>and market offers. The discount between a retailer's standing offer and average market offer was 5–19% for residential customers and 9–26% for small businesses.</p> <p>Five of the 12 retailers advertising both standing offers and market offers offered no discounted market offers and three of those retailers set all market offers at a higher price compared to its standing offer. The increase was 5–47% for residential customers and 10–19% for small businesses.</p> <p>Gas retail market offers were also generally priced at a discount to standing offers. The discount between a retailer's standing offer and its average market offer was 7–16% for residential customers and 1–17% for small businesses.</p>
<p>Generate precompetitive geoscience and innovative data programs that lead to new discoveries.</p>	<p>Increase exploration and resource investment to support job creation, economic growth and royalties for South Australia.</p>	<p>Just over \$3.8 million in grant funding from the Accelerated Discovery Initiative was paid.</p> <p>Seven projects completed for Round 1 and 10 proposals completed for Round 2.</p> <p>Seventeen projects secured funding for Round 3 totalling almost \$3.3 million.</p>
<p>Grow sustainable energy, minerals, petroleum and associated services and value-chain industries for local export markets.</p>	<p>Grow the future economy and lead Australia's transition to a zero-carbon future.</p>	<p>Mining and energy expenditure for the 2021-22 financial year exceeded \$100 million for the first time since 2013-14.</p> <p>Australian Bureau of Statistics figures show significant growth in exploration in South Australia, with \$33.7 million spent on mineral deposits in the June quarter, taking the financial year total to \$122.3 million.</p> <p>While petroleum exploration for the June quarter in South Australia experienced a slight decrease to \$15.4 million, it is anticipated to grow in future quarters due to an increased focus and activity in South Australia's Cooper Basin.</p>

Corporate performance summary

The vision of the Department for Energy and Mining is to be the most transformative energy and mining government department in the world. This is central to our new brand that was launched in September 2021 and acknowledges the link between mineral resources development and the transition to renewable energy.

During the year we reviewed our Strategic Directions to include a new priority ‘to enhance organisational and strategic capability’. This recognises the importance and value of our people, processes and technologies in supporting the achievement of our vision and objectives.

Organisational culture remained a high priority and continues to be underpinned by our high performing behaviours and governance frameworks that provide the foundations for engagement, transparency and decision-making.

With COVID-19 continuing to impact our working environment over the year, staff demonstrated adaptiveness, flexibility and resilience with an ongoing commitment to delivery. We continued to embrace flexible working, offering staff the choice in managing their balance between working from the office and home. The department’s Excellence Awards recognised outstanding performance by both individuals and teams and this year included an Unsung Hero category. We continued to build on our commitment to diversity and inclusion and delivered a Lived Experience series, designed to build awareness and understanding on the importance and value of workplace diversity as well as establishing diversity working groups to provide a different approach to giving staff a voice. Business improvements in processes and technology saw several projects including dashboard reporting, cloud strategy and implementation and the migration of data into the cloud being progressed as part of our Digital Transformation program to improve efficiency of operations and customer experience.

Employment opportunity programs

Program name	Performance
University placements and undergraduate students	The agency hosts students (school and university) for their placement component of their course – primarily in the fields of engineering, geology and economics.
Graduates	The agency recruits graduates through either individual vacancies or through its inaugural graduate program that launched this year. Five graduates are currently employed in our Energy and Technical Regulation, Mineral Resources and Energy Resources divisions.

Agency performance management and development systems

Performance management and development system	Performance
<p>A performance management and development framework within the agency supports employees and leaders to create performance development plans and have regular performance conversations. All discussions are recorded in this system and at appropriate periods reporting is undertaken on completion rates.</p>	<p>Staff participate in two formal performance management and development plan conversations each year.</p> <p>The agency’s performance management and development framework is supported by the iGROW online system.</p> <p>As of 30 June 2022 participation sits at 72%, a slight decrease from 77% as of 31 December 2021.</p> <p>Following renewal of the contract for iGROW, an improvement project is underway to focus on improving staff participation.</p>

Work health, safety and return to work programs

Program name	Performance
Wellbeing initiatives	<p>Numerous initiatives support employee wellbeing in the six wellbeing areas of career, social, financial, physical, community and mental. These include:</p> <ul style="list-style-type: none"> • ‘Introduction to Mental Fitness’, ‘Work-Life Integration’, ‘Dealing with Uncertainty’ and ‘Building Resilience’ designed to support staff psychological wellbeing. • The Be Well Plan, a program designed by researchers and mental health practitioners that enables participants to create a tailored plan for improving mental health and wellbeing via weekly two-hour sessions. • Annual staff sponsorship in the Corporate Cup in recognition that physical activity promotes health and wellbeing whilst building positive behaviour and a strong team culture. • Virtual weekly chair-based yoga classes to increase participant core strength and stretch out muscles.
Onsite and Employee Assistance Program	Staff have access to free, confidential counselling and support services through offsite Employee Assistance Program appointments or weekly onsite visits from counsellors.
Flu Vaccination Program	Flu vaccinations are offered to all staff via onsite clinics or pharmacy vouchers. Onsite vaccinations totalled 118 and 71 vouchers were issued. Flu vaccination uptake remained constant with previous years.
Gov SAfety System implementation	In May 2022 the department transitioned to a new hazard and incident reporting system (Gov SAfety) designed to improve reporting and management of incidents and hazards.

Workplace injury claims	2021-22	2020-21	% 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 1000 FTE)	0	0	0%

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

Work health and safety regulations	2021-22	2020-21	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	1	-100%

Return to work costs**	2021-22	2020-21	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$89,328	\$57,332	+56%
Income support payments – gross (\$)	\$42,885	\$48,250	-11%

**before third party recovery

Data for previous years is available at: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

Executive employment in the agency

Executive classification	Number of executives
SAES1	17
SAES2	4
EXF	1

Data for previous years is available at: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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 2021-22 are attached to this report.

Statement of Comprehensive Income	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Total Income	145,197	149,494	4,297	289,060
Total Expenses	(153,489)	(144,517)	(8,972)	(175,211)
Net Result	(8,292)	4,977	13,269	113,849
Total Comprehensive Result	(8,292)	4,977	13,269	113,849

Higher than budgeted income was primarily due to fees and charges being \$3.6 million above original budget due to a significant upturn in the mining industry.

Major expenditure movements for 2021-22 primarily relate to grants and subsidies and supplies and services being \$36.3 million below budget due to revised milestones and payment schedules across a range of projects, partially offset by a \$26.3 million cash alignment transfer to consolidated account reflecting repayment of excess funds recovered from Project EnergyConnect in 2020-21. Further details on agency expenditure are disclosed in the full audited financial statements that are attached to this report.

Statement of Financial Position	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Current assets	12,354	138,372	126,018	137,462
Non-current assets	94,265	73,107	(21,158)	69,623
Total assets	106,619	211,479	104,860	207,085
Current liabilities	(35,800)	(44,447)	(8,647)	(43,040)
Non-current liabilities	(33,913)	(12,249)	21,664	(14,239)
Total liabilities	(69,713)	(56,696)	13,017	(57,279)
Net assets	39,906	154,783	117,877	149,806
Equity	39,906	154,783	117,877	149,806

Consultants disclosure

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

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

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$37,008

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

Consultancies	Purpose	\$ Actual payment
Robert I Thomas	Expert strategic advice to mitigate potential environmental and community project risks and adverse outcomes on a range of projects within the Growth and Low Carbon Division	\$178,894
Everengi Pty Ltd	Integration study to inform government policy, planning and procurement towards an orderly and cost-effective transition to a 100% Zero Emission Bus (ZEB) Adelaide Metro fleet by 2050	\$172,380
PricewaterhouseCoopers	Expert financial, due diligence and risk assessment advice, business case development and project and program assessment for the Steel Task Force	\$117,772
KSJ Consulting Service Pty Ltd	Facilitate effective working partnerships with traditional owner groups to identify economic opportunities in the oil and gas sector under the Cooper Eromanga Basins Aboriginal Conference program	\$115,000
Paul Case	Strategic advice and services as required while performing duties as Chair of both the Mintabie Oversight Committee and Leigh Creek Transformation Task Force	\$79,477
George Wilkenfeld & Associates	Evaluate International Standards for Electrical Vehicle Charges	\$55,854
University of Adelaide	Advise relating to the Dry Creek Salt Field	\$49,442
ERM Australia Pty Ltd	Assist implement and integrate a scoping process and report into the department's	\$46,118

Consultancies	Purpose	\$ Actual payment
	existing mining assessment and approval framework	
Aurecon Australasia Pty Ltd	Specialist technical advisory services for the Electric Vehicle Charging Integration Study and Emergency Generators - Elizabeth Operating Defects Review	\$39,670
Energy Efficient Strategies	Develop activity specifications and metrics for delivery under the proposed Retailer Energy Productivity Scheme	\$27,273
Clifford William Mallett	Use 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	\$25,188
Acil Allen Consulting	National Electricity Market Proposal to provide market consultancy services: Electricity market modelling and report	\$21,000
Duck and Partners Pty Ltd	Strategic advisory services to engage with stakeholders, undertake program analysis and prepare recommendations to inform future program strategies to increase uptake of the Home Battery Scheme	\$19,000
Paul Rocks	Specialised review of petroleum plays (targets) in the state's prospective basins and consolidation into a standard industry format	\$18,000
Everengi Pty Ltd	Electric Vehicle Smart Charging Subsidy Scheme report on technology readiness; market readiness and engagement	\$16,090
Fenix Performance Solutions Pty Ltd	Technical, commercial and financial advice and due diligence services for the Whyalla Steel Works Transformation	\$15,950
Acil Allen Consulting	Market modelling report update, June 2022	\$15,000
Bee Squared Consultants	Functional review of Mineral Resources Division	\$14,000

Consultancies	Purpose	\$ Actual payment
ERM Australia Pty Ltd	Provide two work packages to assist with integrating a scoping step into the assessment processes for mineral tenements	\$13,038
Energy Efficient Strategies	Prepare a spreadsheet tool to calculate hot water energy costs	\$12,860
Ian Dixon Pty Ltd	Assist with strategic discussions and risk management in the design and delivery of a webinar and workshop(s) with external stakeholders as part of the department's Enhancing Land Access for Mineral Exploration initiative	\$12,031
GBS Consulting	Assess a mining company's submitted program for environment protection and rehabilitation or mining program and produce a departmental internal assessment report including a recommendation to the delegate	\$10,380
	Total	\$1,074,471

Data for previous years is available at: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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

Contractors disclosure

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

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$111,344

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

Contractors	Purpose	\$ Actual payment
Cowell Electric Supply	Remote Area Energy Supply scheme – electricity generation, distribution and retail services	\$4,870,446
Money Mob Talkabout Limited	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	\$1,455,363
KPMG	Grant application preparation implementation bid and development bid Utilise the South Australian Government's Audit and Financial Services panel for advisory services to assist in the successful application of grant funding for an Upper Spencer Hydrogen Hub	\$167,455
Brubrior Investments Pty Ltd	Strategic advice and services to the Minister for Energy and Mining	\$147,560
OPEC Systems Pty Ltd	Bulk fuel tank safety and compliance audits at particular remote sites to ensure the tanks are compliant with relevant Australian Standards	\$143,932
Floodlight Media	Creative services to produce creative assets (videos) to promote the state's credentials as a leader in clean energy transition (COP26)	\$98,600
Aurecon Australasia Pty Ltd	Condition assessment of the Brukunga Water Treatment Plant	\$94,268
Secure Meters (Australia) Pty Ltd	Smart meter services for the Remote Area Energy Supplies scheme	\$91,293
Converge International Pty Ltd	Onsite employee counselling services	\$73,220
SRA Information Technology	Delamerian Drilling Atlas Research and Development Program for the Geological Survey of South Australia	\$50,000

Contractors	Purpose	\$ Actual payment
Hylogging Systems Pty Ltd	Maintenance services for HyLogger 3 machine	\$44,880
Frankie Films Pty Ltd	Produce seven videos on exploration and mining as education resources for public and communities affected by mining projects	\$43,371
Sonnen Australia Pty Ltd	Store, pack and ship batteries for the Batteries for Bushfire Rebuilding initiative and deployment on government assets	\$42,144
Jacqui Commerford	Copywriting and editing services to assist with communications, strategy and planning	\$41,370
CSIRO	Facilitate access and utilisation of equipment to measure a suite of petrophysical properties	\$40,000
CSIRO	Independent review of the groundwater aspects of a proposal submitted to establish a mine located within the Adelaide Hills region	\$38,380
Curtin University of Technology	Delivery of up to 30 sensitive high resolution ion microprobe (SHRIMP) geochronological age determinations Analyse apatite samples and deliver sample specific geochronological report on these analyses	\$38,182
Bureau Veritas Minerals Pty Ltd	Geochemical and geochronological analysis of 307 rock samples	\$33,284
CDM Smith Australia Pty Ltd	Prepare a strategic framework to improve the knowledge of groundwater resources and utilisation in the Far North region of South Australia	\$31,000
OPM Consulting Pty Ltd	Assist Geological Survey of South Australia staff deploy up to 12 seismic instruments as part of Geoscience Australia's 2D Grid Survey	\$30,996
JTwo Solutions	Deliver a working version of the cloud-based Seismic Data Archive	\$29,995

Contractors	Purpose	\$ Actual payment
Bench Directional Drilling and Civil	Replace the rising main for the Brukunga Water Treatment Plant (variation accepted through payment of invoice)	\$28,252
Design Matters National	Develop training package for Net Zero Energy Ready Homes	\$26,500
Hannan Duck & Partners Pty Ltd	Assist the Information Technology Security Adviser with the next steps in implementing a South Australian Cyber Security Framework compliant with the Information Security Management System and provide ad hoc security advice to assist with maintaining a secure information environment	\$24,581
Pointsbuild Pty Ltd	Provide, host and operate a dedicated online learning management system for a range of training resources	\$24,500
Hughes Public Relations	Provide support across media, public relations, social media, content generation and database building for the Copper to the World 2021 Hybrid Conference in Adelaide	\$20,716
GPA Engineering Pty Ltd	Feasibility study on efficiency options for Central Powerhouse	\$20,448
Baigent Geosciences Pty Ltd	Reprocess geophysical data and imagery to update state radiometric grids	\$20,000
Algo Mas Pty Ltd	Create a brand identity for the Fleet Pledge Program and provide final brand assets, including brand guidelines	\$19,935
BDO Services	Work relating to system implementation; Remote Area Energy Supply system upgrade and implementation and other related project work if required	\$19,140
SLR Consulting Australia Pty Ltd	Glint and Glare studies in Yalata and Oodnadatta for proposed installations of solar panels	\$18,450
Clear Decisions Trust	Assistance with the department's 2022 Accommodation Project to future proof and	\$18,428

Contractors	Purpose	\$ Actual payment
	update the way desk accommodation is employed	
Techsafe Australia Pty Ltd	Audit nominated Home Battery Installations against predetermined criteria	\$17,361
BDO Services	Develop an economics dashboard in Microsoft's PowerBI platform to reduce the need to rely on spreadsheets and provide a visual way to understand the department's economic metrics	\$17,100
BDO Services	Finance dashboard proof of concept	\$15,675
SA Power Networks	Supply drawings and drawing services	\$15,100
BDO Services	Prepare Energy and Mining Satellite Account update	\$15,000
BDO Services	Full time employee dashboard, data automation and training	\$13,775
Bureau of Meteorology	Weather and climate briefings	\$13,222
Selina Foat Creative	Mineral exploration code of conduct brochure design	\$12,835
BDO Services	Procurement assistance in the prepare to go to market to purchase product and services to design / configure / manage and maintain a core departmental business system	\$11,790
HRM Matters Vlow Pty Ltd	Facilitate establishment and implementation of a redesigned structure in Geological Survey of South Australia	\$11,200
Earth Systems	Brukung Treatment Plant Operation Assessment	\$10,550
Chubb Fire & Security	Remote Area Energy Supply scheme – provide fire protection services at the Central Power House	\$10,354
	Total	\$8,010,651

Data for previous years is available at: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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 Industry, 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.

We have a commitment to an environment of sound governance, robust internal controls and a culture that will safeguard public resources. We continued to make significant progress to improve our governance maturity in leadership, culture, strategy, reporting and performance, risk and compliance, and stakeholder engagement. Key activities during the year focused on the development of a performance measurement framework, strengthening our internal control environment with ongoing review of policies and procedure and practices, and our protective and cyber security annual assessment and planning.

The Executive Leadership Team maintains oversight of the strategic risks and undertook a detailed review of these in April 2022 to ensure they remained current following the commencement of the newly elected government.

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 during the year included the annual review of financial and human resource delegations, a detailed review of purchase cards, continued segregation of duties for approvals and payments, an internal audit of employees and leave reporting, and improved reporting for finance and projects with the introduction of dashboards.

Data for previous years is available at: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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: [2020-21 DEM Annual Report - Dataset - data.sa.gov.au](https://data.sa.gov.au)

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>https://www.energymining.sa.gov.au/about/annual-reports#technical-regulator</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>https://www.energymining.sa.gov.au/about/annual-reports#technical-regulator</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>https://www.energymining.sa.gov.au/about/annual-reports#technical-regulator</p>
<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>https://www.energymining.sa.gov.au/about/annual-reports#technical-regulator</p>

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	1
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy	0

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
		unreasonable or disadvantages customer	
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	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	4
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	6

Additional Metrics	Total
Number of positive feedback comments	7
Number of negative feedback comments	4
Total number of feedback comments	59 Note: <ul style="list-style-type: none"> This figure relates to positive (7), negative (4), and neutral (48) feedback only - it does not include the 6 complaints.
% complaints resolved within policy timeframes	100%

Data for previous years is available at: [Department for Energy and Mining Annual Report Statistics - Dataset - data.sa.gov.au](https://data.sa.gov.au/department-for-energy-and-mining-annual-report-statistics-dataset)

Service Improvements

The department launched a new consolidated and easy-to-use website in May 2022 to help improve service delivery through improved systems, technology and access to services and information – all issues identified through analysis of complaints and customer feedback from 2018 to 2022.

The management of the department's Complaint Management System was improved and streamlined for the allocation and review of complaint responses to help support a positive customer experience.

Where the agency is not able to resolve a complaint because there is 'no case to answer', alternative external sources of assistance are suggested where appropriate, to help support a positive customer service experience.

We are reviewing our complaints and feedback policy and procedure, reflecting on our internal processes, to consider further opportunities for service improvements.

Compliance Statement

The Department for Energy and Mining is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
The 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 2021-22

Department for Energy and Mining
Certification of the Financial Statements
for the year ended 30 June 2022

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 2022



Ben Adams
Chief Financial Officer
16 September 2022

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

Financial Statements

For the year ended 30 June 2022

Department for Energy and Mining
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Appropriation	2.1	53 307	106 837
SA Government grants, subsidies and transfers	2.2	55 162	79 671
Fees and charges	2.3	30 343	24 146
Sales of goods and services		4 720	4 284
Interest	2.5	907	937
Commonwealth-sourced grants and funding	2.6	400	273
Resources received free of charge	2.7	538	5 364
Other income	2.8	4 081	3 778
Recoveries	2.9	2 914	63 837
Net gain from the disposal of non-current assets	2.10	5	(44)
Total income		152 377	289 083
Expenses			
Grants and subsidies	4.1	33 790	84 199
Supplies and services	4.2	37 365	43 269
Employee benefits expenses	3.3	41 944	39 174
Depreciation and amortisation	5.1, 5.3	2 946	3 059
Borrowing costs		4	5
Other expenses	4.3	2 470	5 529
Cash alignment transfers to Consolidated Account		24 867	-
Total expenses		143 386	175 235
Net result		8 991	113 848
Total comprehensive result		8 991	113 848

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 2022

	Note	2022 \$'000	2021 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	132 956	84 295
Receivables	6.2	6 879	49 524
Other current assets	6.3	2 548	3 643
Total current assets		142 383	137 462
<u>Non-current assets</u>			
Property, plant and equipment	5.1	55 032	52 016
Intangible assets	5.3	3 582	2 244
Receivables	6.2	14 496	15 363
Total non-current assets		73 110	69 623
Total assets		215 493	207 085
<u>Current liabilities</u>			
Payables	7.1	7 593	13 118
Employee benefits liability	3.4	4 167	4 919
Financial liabilities	7.2	187	216
Provisions	7.3	182	194
Security deposits	7.4	28 430	18 900
Other current liabilities	7.5	3 888	5 693
Total current liabilities		44 447	43 040
<u>Non-current liabilities</u>			
Payables	7.1	802	884
Employee benefits liability	3.4	8 336	9 408
Financial liabilities	7.2	192	180
Provisions	7.3	2 821	3 642
Other non-current liabilities	7.5	98	125
Total non-current liabilities		12 249	14 239
Total liabilities		56 696	57 279
Net assets		158 797	149 806
<u>Equity</u>			
Retained earnings		124 593	115 602
Asset revaluation surplus		3 226	3 226
Contributed capital		30 978	30 978
Total equity		158 797	149 806

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 2022

	Retained earnings \$'000	Asset revaluation surplus \$'000	Contributed capital \$'000	Total equity \$'000
Balance as at 1 July 2020	1 754	3 226	30 978	35 958
<u>Net result for 2020-21</u>	113 848	-	-	113 848
Total comprehensive result 2020-21	113 848	-	-	113 848
Gain on revaluation of property, plant and equipment	-	-	-	-
Total comprehensive result 2020-21	113 848	-	-	113 848
Net assets transferred by proclamation	-	-	-	-
Equity contribution received	-	-	-	-
Balance as at 30 June 2021	115 602	3 226	30 978	149 806
<u>Net result for 2021-22</u>	8 991	-	-	8 991
Total comprehensive result 2021-22	8 991	-	-	8 991
Balance as at 30 June 2022	124 593	3 226	30 978	158 797

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 2022

	Note	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriation		53 307	106 837
SA Government grants, subsidies and transfers		55 162	79 671
Fees and charges		28 985	28 665
Commonwealth-sourced grants and funding		400	273
Sales of goods and services		4 767	4 821
Loans granted		-	3 327
Interest		907	861
Net GST recovered from ATO		1 703	10 460
Receipts of security deposits		9 665	2 377
Net receipts from paid parental leave scheme		25	50
Other receipts		50 970	28 821
Cash generated from operations		205 891	266 163
<i>Cash outflows</i>			
Employee benefits expenses		(45 071)	(39 751)
Supplies and services		(42 672)	(52 485)
Refunds of security deposits		(135)	(17)
Grants and subsidies		(35 849)	(90 436)
Payments for paid parental leave scheme		(28)	(44)
Cash alignment transfers to Consolidated Account		(24 867)	-
Other payments		(834)	(826)
Cash used in operations		(149 456)	(183 559)
Net cash provided by operating activities	8.2	56 435	82 604
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from sale of property, plant and equipment and other assets		14	36
Cash generated from investing activities		14	36
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(7 532)	(8 016)
Cash used in investing activities		(7 532)	(8 016)
Net cash used in investing activities		(7 518)	(7 980)

Department for Energy and Mining
Statement of Cash Flows
for the year ended 30 June 2022

Cash flows from financing activities

Cash outflows

Repayment of principal portion of lease liabilities	(256)	(256)
Cash used in financing activities	(256)	(256)

Net cash used in financing activities	(256)	(256)
--	--------------	--------------

Net increase in cash and cash equivalents	48 661	74 368
--	---------------	---------------

Cash at the beginning of the period	84 295	9 927
-------------------------------------	--------	-------

Cash at the end of the period	132 956	84 295
--------------------------------------	----------------	---------------

6.1

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 2022

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 items

The department has administered activities and resources. Administered financial statements relating to administered resources are presented separately as the final part of this report. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for the department's transactions.

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 have been prepared based on a 12-month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). 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.

Significant accounting policies are set out throughout the notes.

The department is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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

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

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

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

New and amended standards adopted by the department

The department has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the department's financial statements.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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.

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs (continued)

Income and expenses by program

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		General / Not attributable		Activity Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income								
Appropriation	-	-	-	-	53 307	106 837	53 307	106 837
SA Government grants, subsidies and transfers	51 723	76 543	3 439	3 128	-	-	55 162	79 671
Fees and charges	30 343	24 146	-	-	-	-	30 343	24 146
Sales of goods and services	4 720	4 284	-	-	-	-	4 720	4 284
Interest	907	937	-	-	-	-	907	937
Commonwealth-sourced grants and funding	400	273	-	-	-	-	400	273
Resources received free of charge	510	5 339	28	25	-	-	538	5 364
Other income	4 078	3 773	3	5	-	-	4 081	3 778
Recoveries	2 863	63 837	51	-	-	-	2 914	63 837
Net gain from the disposal of non-current assets	5	(43)	-	(1)	-	-	5	(44)
Total income	95 549	179 089	3 521	3 157	53 307	106 837	152 377	289 083
Expenses								
Grants and subsidies	33 770	84 197	20	2	-	-	33 790	84 199
Supplies and services	36 586	42 488	779	781	-	-	37 365	43 269
Employee benefits expenses	39 700	37 289	2 244	1 885	-	-	41 944	39 174
Depreciation and amortisation	2 645	2 740	301	319	-	-	2 946	3 059
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-
Borrowing costs	4	4	-	1	-	-	4	5
Other expenses	2 444	5 503	26	26	-	-	2 470	5 529
Cash alignment transfers to Consolidated Account	-	-	-	-	24 867	-	24 867	-
Total expenses	115 149	172 221	3 370	3 014	24 867	-	143 386	175 235
Net result	(19 600)	6 868	151	143	28 440	106 837	8 991	113 848

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs (continued)

Assets and liabilities by program

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		Activity Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets						
Cash and cash equivalents	129 319	82 844	3 637	1 451	132 956	84 295
Receivables	20 618	63 763	757	1 124	21 375	64 887
Other current assets	2 548	3 643	-	-	2 548	3 643
Property, plant and equipment	48 853	46 576	6 179	5 440	55 032	52 016
Intangible assets	3 176	2 008	406	236	3 582	2 244
Total assets	204 514	198 834	10 979	8 251	215 493	207 085
Liabilities						
Payables	8 156	13 763	239	239	8 395	14 002
Employee benefits	11 824	13 637	679	690	12 503	14 327
Financial liabilities	371	389	8	7	379	396
Provisions	2 805	3 651	198	185	3 003	3 836
Security Deposits	28 430	18 900	-	-	28 430	18 900
Other liabilities	3 875	5 393	111	425	3 986	5 818
Liabilities	55 461	55 733	1 235	1 546	56 696	57 279

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 only material financial impact related to delays to Remote Areas Energy Supplies (RAES) projects due to restricted access to remote areas. Budgeted savings from the Future Sustainability and Central Power House projects were both delayed until the 2022-23 financial year.

Refer to note 9.4 for impacts in 2022-23.

1.4. Changes to the Department

The Office of Hydrogen Power South Australia (OHPSA) was established as an attached office of the Department for Energy and Mining by proclamation on 19 May 2022.

As OHPSA is not controlled by the Department for Energy and Mining, its operations do not form part of these financial statements. However, the flow through of appropriation funding to OHPSA is reflected in the intra-government revenues and expenses of the Department.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.5. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 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		Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
	Note	Note			
Statement of Comprehensive Income					
<u>Income</u>					
Appropriation	2.1		54 777	53 307	(1 470)
SA Government grants, subsidies and transfers	2.2		51 822	55 162	3 340
Fees and charges	2.3	(a)	26 774	30 343	3 569
Sales of goods and services			4 477	4 720	243
Interest	2.5		974	907	(67)
Commonwealth-sourced grants and funding	2.6		-	400	400
Resources received free of charge	2.7		-	538	538
Other income	2.8		4 174	4 081	(93)
Recoveries	2.9		2 199	2 914	715
Net gain from the disposal of non-current assets	2.10		-	5	5
Total income			145 197	152 377	7 180
<u>Expenses</u>					
Grants and subsidies	4.1	(b)	64 668	33 790	(30 878)
Supplies and services	4.2	(c)	42 599	37 365	(5 234)
Employee benefits expenses	3.3		41 717	41 944	227
Depreciation and amortisation			3 630	2 946	(684)
Borrowing costs			10	4	(6)
Other expenses	4.3		865	2 470	1 605
Cash alignment transfers to Consolidated Account		(d)	-	24 867	24 867
Total expenses			153 489	143 386	(10 103)
Net result			(8 292)	8 991	17 283
Investing Expenditure Summary					
			Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Total new projects			-	240	240
Total existing projects			6 597	5 982	(615)
Total annual programs			1 096	847	(249)
Total investing expenditure			7 693	7 069	(624)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 where the Department consider that provision of a variation explanation assists with interpretation and understanding of the financial statements.

Income

- (a) Fees and charges are \$3.6 million above original budget due to a significant upturn in the mining industry flowing through to increased application, rental and licence fees.

Expenditure

- (b) Grants and subsidies are \$30.9 million below original budget primarily due revised milestones and payment schedules across a range of projects including Jobs and Economic Growth Fund (\$9.7 million) and Renewable Technology Fund (\$6.9 million) projects, Demand Management Trials project (\$3.6 million) and the Home Battery Scheme (\$2.6 million).
- (c) Supplies and services are \$5.2 million below original budget primarily due to revised milestones and payment schedules associated with the Demand Management Trials project (\$5.3 million) and Jobs and Economic Growth Fund projects (\$2.7 million), partly offset by continuation of the funding arrangement with the State Owned Generator Leasing Company for the operation of the State's emergency generators into early 2021-22 (\$1.2 million) and additional diesel fuel costs on the Remote Area Energy Supply Scheme (\$0.8 million).
- (d) Cash Alignment transfers to consolidated account reflect repayment to the consolidated account of excess funds recovered from Project EnergyConnect in 2020-21.

1.6. Significant transactions with government related entities

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

- approximately 95 per cent of accommodation services are supplied by the Department for Infrastructure and Transport (DIT);
- 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 \$1.3 million for provision of corporate services and the Department of Primary Industries and Regions SA (PIRSA) of \$1.3 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 2022

2. Income

2.1. Appropriation

Appropriations are recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$53.3 million (2021: \$106.8 million) for operational funding. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act.

The movement in appropriation between 2020-21 and 2021-22 primarily reflects the finalisation of grant payments to project EnergyConnect in 2020-21 (\$37.1 million – Note 4.1) and the partial use of recoveries from the project to offset appropriation requirements in 2021-22 (\$26.4 million). This is partially offset by comparatively minor increases in appropriation funded operations across the Department.

2.2. SA Government grants, subsidies and transfers

	2022	2021
	\$'000	\$'000
Green Industry Fund	20 759	53 333
Jobs and Economic Growth Fund	21 464	14 684
Industry licence fee allocation	11 725	11 329
Other Intra-government transfers	1 214	325
Total SA Government grants subsidies and transfers	55 162	79 671

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 Jobs and Economic 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 2022

2.3. Fees and charges

	2022	2021
	\$'000	\$'000
Mining and petroleum licence fees	28 610	22 603
Mining and petroleum non-licence fees	1 733	1 541
Other fees and charges	-	2
Total fees and charges	30 343	24 146

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

	2022	2021
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	1 787	1 563
Contract liabilities	(3 861)	(5 637)
Total contact balances	(2 074)	(4 074)

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 substantially decreased due to two significant mining tenements being renewed after complex assessment processes that carried over from 2020-21.

Revenue totalling \$4.2 million was recognised in 2021-22 that was included in contract liabilities at 1 July 2021. 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 2022

2.4. Sales of goods and services

Revenue from the sale of electricity \$4.7 million (2021: \$4.3 million) 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

	2022	2021
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	<u>578</u>	<u>708</u>

There is an unconditional right to receive payment for sales of electricity when billed. No contract assets or liabilities are recognised. Receivables decreased 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

Interest revenues \$0.9 million (2021: \$0.9 million) 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 2022

2.6. Commonwealth-sourced grants and funding

	2022	2021
	\$'000	\$'000
Grants		
Hydrogen Training for Emergency Responders	350	-
Alternative Regulatory Instruments Review	45	-
Greenhouse and Energy Minimum Standards (GEMS) Inspections	5	-
Hydrogen Safety and Regulation	-	150
National Energy Efficient Buildings	-	60
Energy Legislation Drafting	-	42
Bioenergy	-	21
Total Commonwealth-sourced grants and funding	400	273

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 Training for Emergency Responders - to continue the National Hydrogen Strategy Actions related to hydrogen skills and training.
- GEMS Inspections - to carry out compliance monitoring activities in relation to the *Greenhouse and Energy Minimum Standards Act 2012* and *Building Energy Efficiency Disclosure Act 2010*.
- Alternative Regulatory Instruments Review - to evaluate suitable regulatory performance setting instruments to establish demand response capability product requirements outside the *Greenhouse and Energy Minimum Standards Act 2012*.

2.7. Resources received free of charge

	2022	2021
	\$'000	\$'000
Services received free of charge - Shared Services SA	369	362
ICT Services received free of charge - DPC	169	166
Donated assets	-	4 836
Total resources received free of charge	538	5 364

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The department receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$0.4 million and ICT services from the ICT and Digital Government (IDG) area in the DPC valued at \$0.2 million.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.8. Other income

	2022	2021
	\$'000	\$'000
Fuel tax credits	1 956	1 993
Support for the regulation of Extractive Mining Operations	1 605	1 341
Other income	520	444
Total other income	4 081	3 778

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

2.9. Recoveries

	2022	2021
	\$'000	\$'000
Other	1 688	1 689
Emergency generation	1 226	9 421
Project EnergyConnect	-	52 727
Total recoveries	2 914	63 837

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

The reduction in recoveries on emergency generation is commensurate with a reduction in payments to the State-Owned Generator Leasing Company for the operation of the State's emergency generators.

Recoveries from Project EnergyConnect represent reimbursement of costs incurred by the department to support early works on the SA-NSW interconnector project.

2.10. Net gain from the disposal of non-current assets

	2022	2021
	\$'000	\$'000
<u>Plant and equipment and other non-current assets</u>		
Net proceeds from disposal	14	36
Less net book value of assets disposed	(9)	(80)
Net gain / (loss) from the disposal of plant and equipment	5	(44)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3. Committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister for Energy and Mining (the Minister), Chief Executive and six members of the Executive Team.

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

	2022	2021
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 583	1 664
Post-employment benefits	229	410
Total compensation	1 812	2 074

Transactions with key management personnel and other related parties

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.2. Committee members

Members during the 2022 financial year were:

Minerals and Energy Advisory Council

P Carr (Chair)

D Maxwell ^

B Barnes

K Hulmes ^

K Keates

K Reznikov

J Brunton

I Grant

H Kim

K Salisbury

S Masters ^

S Thuraisingham

C Stevens

D Swift

S Emms

Risk and Performance Committee

C Dunsford (Chair)

S Adlaf*

J Cirson*

D Contala (appointed August 2021)

R Hindmarsh* (appointed September 2021)

G Giannopoulos* (appointed March 2022, resigned May 2022)

P Chau* (appointed June 2022)

N Morris* (resigned March 2022)

J Hill (resigned June 2022)

Power Line Environment Committee

K Steinle (Chair)

A Burnell*

C Donovan

K Galpin*

P Khoury

M Lee

* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for committee duties during 2021-22.

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

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)

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:

	2022	2021
\$1 - \$19 999	7	5
Total number of members	7	5

The total remuneration received or receivable by members was \$7 000 (2021: \$11 000). Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses

	Note	2022	2021
		\$'000	\$'000
Salaries and wages		33 443	30 664
Employment on-costs – superannuation		3 888	3 511
Annual leave		3 053	2 647
Employment on-costs – other		2 011	1 820
Workers' compensation		(691)	656
Skills and experience retention leave		206	205
Committee fees - excluding on-costs	3.2	6	10
Long service leave		28	(339)
Total employee benefits expenses		41 944	39 174

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.

Employee remuneration

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

	2022	2021
	Number	Number
\$154 001 to \$157 000*	n/a	3
\$157 001 to \$177 000	10	6
\$177 001 to \$197 000	5	7
\$197 001 to \$217 000	7	3
\$217 001 to \$237 000	4	6
\$237 001 to \$257 000	3	3
\$257 001 to \$277 000	2	-
\$277 001 to \$297 000	1	2
\$297 001 to \$317 000	1	-
\$337 001 to \$357 000	-	1
\$357 001 to \$377 000	1	1
\$377 001 to \$397 000	1	-
\$397 001 to \$417 000	-	1
\$417 001 to \$437 000	1	-
Total	36	33

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 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 and any related fringe benefits tax paid.

The total remuneration received by those employees for the year was \$8.0 million (2021: \$7.1 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses (continued)

Targeted voluntary separation packages (TVSPs)

There were no TVSPs during the reporting period (2021: nil).

Workforce Rejuvenation Scheme

9 employees received a Rejuvenation Payment during the reporting period (2021: nil).

	2022	2021
	\$'000	\$'000
Amount paid to separated employees:		
Workforce Rejuvenation Scheme payments	388	-
Leave paid to separated employees	227	-
Net cost to the department	615	-

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Annual leave	3 385	3 249
Accrued salaries and wages	89	957
Long service leave	411	410
Skills and experience retention leave	282	303
Total current employee benefits	4 167	4 919
<u>Non-current</u>		
Long service leave	8 336	9 408
Total non-current employee benefits	8 336	9 408
Total employee benefits liability	12 503	14 327

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.

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 2021 (1.25%) to 2022 (3.5%)

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability (continued)

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 \$1.3 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 2021 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4. Expenses

4.1. Grants and subsidies

	2022	2021
	\$'000	\$'000
Home Battery Scheme	10 035	24 289
Jobs and Economic Growth Fund Projects	5 132	1 436
Remote Areas Energy Supply Scheme	4 476	4 535
Other grants and subsidies	4 092	3 912
Grid Scale Storage Fund	4 000	2 917
Australian Energy Market Commission	2 367	2 287
Demand Management	2 110	1 581
Renewable Technology Fund	1 284	2 612
Energy Productivity Program	259	1 885
Bird Lake	35	1 695
Project EnergyConnect	-	37 050
Total grants and subsidies	33 790	84 199

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.2. Supplies and services

	2022	2021
	\$'000	\$'000
Emergency generation and storage ^(a)	5 363	13 209
Contractors ^(b)	8 478	8 726
Energy supply fuel and lubricants	8 334	5 412
Service level agreements ^(c)	3 436	3 158
Accommodation	3 301	3 906
Office administration expenses	1 857	2 025
Information technology and communication charges ^(d)	1 600	1 653
Consultants	1 111	1 656
Marketing	943	569
Staff related expenses	911	890
Travel and related expenses	791	619
Remote areas energy supplies plant and equipment	607	878
Service recoveries	475	446
Accounting and audit fees ^(e)	158	122
Total supplies and services	37 365	43 269

- (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.
- (d) Resources provided free of charge by DPC ICT were \$0.2 million (2021: \$0.2 million) 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 (2021: \$0.1 million). No other services were provided by the Auditor-General's Department.

Accommodation

Most of the department's accommodation is provided by DIT 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.3. Other expenses

	2022	2021
	\$'000	\$'000
Donated current assets	1 095	1 193
Department for Environment and Water levy	834	826
Shared Services fee	369	362
Concessional lending discount	-	2 228
Donated plant and equipment	-	851
Accommodation incentive amortisation	(27)	(27)
Bad and doubtful debts	(140)	(32)
Other expenses	339	128
Total other expenses	2 470	5 529

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 in 2020-21 relate to transfers to DPC, the State Library and the Department for Education under the Battery Storage demonstration project.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 10.1.

Plant and equipment include \$3.7 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:

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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

Reconciliation of property, plant and equipment owned or leased by the department

The following table shows the movement of property, plant and equipment owned or leased by the department during 2021-22:

	Plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	ROU vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2021	9 199	28 942	7 209	70	6 202	394	52 016
Additions	988	1	-	-	4 192	241	5 422
Capitalisation	1 447	-	-	-	(1 447)	-	-
Disposals	(9)	-	-	-	-	(1)	(10)
Asset derecognition	-	-	(1)	-	-	-	(1)
Depreciation	(1 188)	(949)	-	-	-	(258)	(2 395)
Carrying amount as at 30 June 2022	10 437	27 994	7 208	70	8 947	376	55 032
Gross carrying amount							
Gross carrying amount	19 432	30 190	7 208	70	8 947	857	66 704
Accumulated depreciation	(8 995)	(2 196)	-	-	-	(481)	(11 672)
Carrying amount as at 30 June 2022	10 437	27 994	7 208	70	8 947	376	55 032

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	ROU vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2020	8 261	29 614	7 209	70	1 507	429	47 090
Additions	1 527	274	-	-	6 397	222	8 420
Capitalisation	1 702	-	-	-	(1 702)	-	-
Disposals	(80)	-	-	-	-	(1)	(81)
Asset derecognition	(62)	-	-	-	-	-	(62)
Donated assets	(851)	-	-	-	-	-	(851)
Depreciation	(1 298)	(946)	-	-	-	(256)	(2 500)
Carrying amount as at 30 June 2021	9 199	28 942	7 209	70	6 202	394	52 016
Gross carrying amount							
Gross carrying amount	17 020	30 192	7 209	70	6 202	793	61 486
Accumulated depreciation	(7 821)	(1 250)	-	-	-	(399)	(9 470)
Carrying amount as at 30 June 2021	9 199	28 942	7 209	70	6 202	394	52 016

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2022, the department has 46 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 on the Statement of Financial Position. The department's maturity analysis of its lease liabilities is disclosed in note 7.2. Expenses related to right-of use assets, including interest and depreciation expenses, are disclosed on the Statement of Comprehensive Income. Cash outflows related to right-of-use assets 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2021-22:

	Intangibles		Total
	Intangibles software	work in progress	
	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2021	1 344	900	2 244
Additions	-	1 889	1 889
Amortisation	(551)	-	(551)
Carrying amount as at 30 June 2022	793	2 789	3 582
Gross carrying amount			
Gross carrying amount	5 075	2 789	7 864
Accumulated amortisation	(4 282)	-	(4 282)
Carrying amount as at 30 June 2022	793	2 789	3 582

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

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	125 095	80 445
Deposits with the Treasurer – Accrual Appropriation	7 861	3 850
Total cash	132 956	84 295

Cash is measured at nominal amounts.

Although the department controls the money reported above in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables		
From non-government entities	2 357	48 522
From government entities	909	3
Allowance for doubtful debts	(200)	(340)
Total trade receivables	3 066	48 185
Loans granted	1 801	543
Accrued revenue	687	332
Accrued interest	76	76
Prepayments	528	371
GST input tax recoverable	698	-
Other receivables	23	17
Total other current receivables	3 813	1 339
Total current receivables	6 879	49 524
Non-current		
Loans granted	14 496	15 363
Total non-current receivables	14 496	15 363
Total receivables	21 375	64 887

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6.2. Receivables (continued)

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 as at 30 June 2022. Refer to note 10.2 for further information on risk management. The decrease in non-current loans granted and increase in current loans granted in 2022 is due to a revision in the Virtual Power Plant loan schedule.

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

The decrease in trade receivables is mostly due to the recovery in 2021 for costs incurred by the department to support early works on project EnergyConnect, the SA-NSW interconnector project (\$44.6 million).

Allowance for Impairment loss on receivables

	2022	2021
	\$'000	\$'000
Carrying amount as at 1 July 2021	(340)	(372)
Decrease in the allowance	140	32
Carrying amount as at 30 June 2022	(200)	(340)

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

Refer to note 10.2 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.

Financial Instruments

Financial instrument receivables, at amortised cost, are \$18.4 million (2021: \$63.0 million)

In government, certain rights to receive cash may not be contractual, but have their source in legislation, therefore the disclosure requirements of AASB 7 *Financial Instruments* will not apply. For the Department, these statutory receivables include fees and charges levied under the *Mining Act (1971)*, *Petroleum and Geothermal Energy Act (2000)* and *Opal Mining Act (1995)* and GST input tax recoverable. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes. Statutory receivables are \$2.5 million (2021: \$1.6 million)

Prepayments are also not classified as financial instruments for disclosure purposes as they are not financial assets.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6.3. Other current assets

Assets on hand as at 30 June 2022 were \$2.5 million (2021 \$3.6 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7. Liabilities

7.1. Payables

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Creditors and accrued expenses	6 687	7 564
GST payable	-	4 614
Employment on-costs	906	940
Total current payables	7 593	13 118
<u>Non-current</u>		
Employment on-costs	802	884
Total non-current payables	802	884
Total payables	8 395	14 002

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.

Statutory payables do not arise from contracts.

The net amount of GST recoverable from the ATO is included as part of receivables in 2022.

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 DTF, 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 2021 rate 10.1% to 10.6%. These rates are used in the employment on-cost calculation. The impact on 2022 is not material.

Financial Instruments

Financial instrument payables, at amortised cost, are \$6.5 million (2021: \$7.4 million)

In government, certain rights to pay cash may not be contractual, but have their source in legislation, therefore the disclosure requirements of AASB 7 *Financial Instruments* will not apply. For the Department, these statutory payables include Commonwealth, State and Local government taxes and equivalents, fees and charges, employment on-costs and Auditor-General's Department audit fees. Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments for disclosure purposes. Statutory payables are \$1.7 million (2021: \$6.4 million)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.2. Financial liabilities

All financial liabilities relate to leases.

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

	2022	2021
	\$'000	\$'000
Financial Liabilities		
1 to 3 years	334	374
3 to 5 years	52	26
5 to 10 years	-	-
Total financial liabilities (undiscounted)	386	400

The department measures financial liabilities including borrowings/debt at amortised cost. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year.

Interest expense on lease liabilities was \$4 000 (2021 \$5 000)

7.3. Provisions

All provisions relate to workers compensation.

	2022	2021
	\$'000	\$'000
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount as at 1 July 2021	3 836	3 290
Increase (decrease) in provisions recognised	(744)	546
Reductions resulting from payments	(89)	-
Carrying amount as at 30 June 2022	3 003	3 836

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.4. Security deposits

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. \$28.4 million was held as at 30 June 2022 (2021: \$18.9 million). 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

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Contract liabilities	3 861	5 637
Other	-	29
Accommodation incentive	27	27
Total current other liabilities	3 888	5 693
<u>Non-current</u>		
Accommodation incentive	98	125
Total non-current other liabilities	98	125
Total other liabilities	3 986	5 818

-

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

	2022	2021
	\$'000	\$'000
Other Liabilities		
1 to 3 years	3 986	5 818
3 to 5 years	-	-
5 to 10 years	-	-
Total Other liabilities (undiscounted)	3 986	5 818

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 DIT for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities under AASB 16 *Leases*. The DIT 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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

Reconciliation of net result to cash flows from operating activities

	2022	2021
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	132 956	84 295
Balance as per the Statement of Cash Flows	132 956	84 295
<u>Reconciliation of net cash provided by operating activities to net cost of providing services</u>		
Net cash provided by operating activities	56 435	82 604
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(2 946)	(3 059)
Concessional lending discount expense	-	(2 228)
Concessional lending discount income	390	357
Amortisation of lease incentive	27	27
Asset derecognition	(1)	(62)
Bad and doubtful debts expense	140	32
Resources received free of charge	538	528
Assets received free of charge	-	4 836
Resources provided free of charge	(538)	(528)
Donated assets	(1 095)	(2 044)
Gain / (loss) from the disposal of non-current assets	5	(44)
Net cash provided by operating activities before change in assets and liabilities	52 955	80 419
<u>Movement in assets and liabilities</u>		
(Increase) / decrease in receivables	(44 042)	39 387
Decrease / (increase) in payables	5 129	(2 348)
Decrease / (increase) in other liabilities	1 805	(1 802)
Decrease / (increase) in provisions	833	(546)
(Increase) in security deposits	(9 530)	(2 360)
Decrease in employee benefits	1 824	1 062
Decrease in financial liabilities	17	36
Net Result	8 991	113 848

Total cash outflows for leases was \$0.3 million (2021: \$0.3 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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

	2022	2021
	\$'000	\$'000
Within one year	2 060	4 935
Later than one year but not later than five years	-	-
Total capital commitments	2 060	4 935

The department's capital commitments are for installation generation equipment across the RAES program (\$1.6 million), and Modern Resources Customer System Transformation (\$0.4 million).

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	53 746	51 827
Later than one year but not later than five years	76 593	93 995
Later than five years	2 303	9 926
Total expenditure commitments	132 642	155 748

The department's expenditure commitments are for agreements for:

- Memoranda of administrative arrangements with the DIT for accommodation (\$12 million),
- South Australian Grid-Connected Battery Facility (\$23 million),
- Demonstration of technology from an expanded Hornsdale Power Reserve (\$12 million),
- South Australia's Electric Vehicle Public Charging Network (\$12 million),
- Remote area energy supply independent operator subsidies (\$18 million),
- Management of electricity infrastructure in the remote area energy supply communities (\$15 million), and
- South Australia's funding commitment to the Australian Energy Market Commission (\$11 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 as at 30 June 2022 is approximately \$282 million (2021: approximately \$216 million). The department only has a claim on these funds if the licensee fails to perform their 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 2022-23 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
for the year ended 30 June 2022

9.3. Impact of standards and statements not yet effective

The department continues to assess 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.

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

9.4. COVID-19 pandemic outlook for the department

The department is not expecting there to be any material impacts due to 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10. Measurement and risk

10.1. Fair value

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

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.

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.

At both 30 June 2022 and 30 June 2021 all property, plant and equipment was classified as Level 3 with the exception of land which was classified as level 2.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1. Fair value (continued)

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.

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 have 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. 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

The department has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses (ECL) on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
TMS			
Current (not past due)	937	1	11
1 - 30 days past due	190	2	3
31 - 60 days past due	363	6	21
61 - 90 days past due	11	7	1
More than 90 days past due	161	10	16
Loss Allowance	1 662		52
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
PEPS			
Current (not past due)	82	-	-
1 - 30 days past due	4	-	-
31 - 60 days past due	35	-	-
61 - 90 days past due	-	-	-
More than 90 days past due	-	-	-
Loss Allowance	121		-
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
General invoices			
Current (not past due)	104	-	-
1 - 30 days past due	2	-	-
31 - 60 days past due	6	22	1
61 - 90 days past due	-	28	-
More than 90 days past due	95	44	42
Loss Allowance	207		43
	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
RAES			
Current (not past due)	13	2	-
1 - 30 days past due	143	5	6
31 - 60 days past due	(1)	19	-
61 - 90 days past due	-	37	-
More than 90 days past due	212	47	99
Loss Allowance	367		105
Total	2 357		200

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

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.

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 2022

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:

	2022	2021
	\$'000	\$'000
<u>Income</u>		
Royalties	3 968	3 356
Total income	3 968	3 356
<u>Expenses</u>		
Extractive Industries contribution	1 605	1 341
Rehabilitation costs	58	33
Total expenses	1 663	1 374
Net result	2 305	1 982
Total comprehensive result	2 305	1 982
	2022	2021
	\$'000	\$'000
<u>Current assets</u>		
Cash	33 849	31 544
Total assets	33 849	31 544
Net assets	33 849	31 544
<u>Equity</u>		
Net receipts	2 305	1 982
Retained earnings	31 544	29 562
Fund balance at the end of the period	33 849	31 544

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

Administered Financial Statements

For the year ended 30 June 2022

Department for Energy and Mining
Statement of Administered Comprehensive Income
for the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
<u>Administered income</u>		
Appropriation	330	403
Royalties	382 711	322 938
Other income	6 247	5 150
Total administered income	389 288	328 491
<u>Administered expenses</u>		
Employee benefits expenses	345	403
Payment of royalties to the Consolidated Account	382 711	322 938
Other expenses	6 182	5 166
Total administered expenses	389 238	328 507
Net result	50	(16)
Total comprehensive result	50	(16)

The accompanying notes form part of these financial statements.

Department for Energy and Mining
Statement of Administered Financial Position
as at 30 June 2022

	2022	2021
	\$'000	\$'000
<u>Administered current assets</u>		
Cash and cash equivalents	39 924	25 039
Receivables	6	6
Total current assets	39 930	25 045
Total assets	39 930	25 045
<u>Administered current liabilities</u>		
Payables	39 375	24 860
Other liabilities	677	357
Total current liabilities	40 052	25 217
Total liabilities	40 052	25 217
Net assets	(122)	(172)
<u>Administered equity</u>		
Retained earnings	(122)	(172)
Total equity	(122)	(172)

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 2022

	2022	2021
	(Outflows)	(Outflows)
	Inflows	Inflows
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
<u>Cash inflows</u>		
Appropriation	330	403
Royalties receipts	380 798	324 652
Other receipts	6 468	5 150
Cash generated from operations	387 596	330 205
<u>Cash outflows</u>		
Employee benefits expenses	(345)	(403)
Other payments	(5 862)	(4 812)
Payment of royalties to the Consolidated Account	(366 504)	(324 077)
Cash used in operations	(372 711)	(329 292)
Net cash provided by operating activities	14 885	913
Net increase in cash and cash equivalents	14 885	913
Cash and cash equivalents at the beginning of the period	25 039	24 126
Cash and cash equivalents at the end of the period	39 924	25 039

The accompanying notes form part of these financial statements.

Department for Energy and Mining
Schedule of Income and Expenses Attributable to Administered Activities
For the year ended 30 June 2022

	Royalties		Native Title Agreement		Mintabie Administration	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Administered income</u>						
Royalties	382 711	322 938	-	-	-	-
Other income	-	-	6 182	5 150	-	-
Total administered income	382 711	322 938	6 182	5 150	-	-
<u>Administered expenses</u>						
Payment of royalties to the Consolidated Account	382 711	322 938	-	-	-	-
Other expenses	-	-	6 182	5 150	-	16
Total administered expenses	382 711	322 938	6 182	5 150	-	16
Net result	-	-	-	-	-	(16)

	Petroleum and Geothermal		Ministers' Salary		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Administered income</u>						
Appropriation	-	-	330	403	330	403
Royalties	-	-	-	-	382 711	322 938
Other income	65	-	-	-	6 247	5 150
Total administered income	65	-	330	403	389 288	328 491
<u>Administered expenses</u>						
Employee benefits expenses	-	-	345	403	345	403
Payment of royalties to the Consolidated Account	-	-	-	-	382 711	322 938
Other expenses	-	-	-	-	6 182	5 166
Total administered expenses	-	-	345	403	389 238	328 507
Net result	65	-	(15)	-	50	(16)

Department for Energy and Mining
Notes to and forming part of the financial statements
For the year ended 30 June 2022

A1. Basis of preparation and accounting policies

The department applies the same accounting policies to the administered financial statements as set out in the Note 1 of the controlled 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.

Petroleum and Geothermal Energy Act Legacy Liabilities Facility

In October 2021 the Treasurer approved the establishment of a new deposit account, the "Petroleum and Geothermal Energy Act Legacy Liabilities Facility" (The Facility). DEM collects a fee for inactive wells from licensed petroleum and geothermal activities. Those fees are used to decommission and rehabilitate legacy wells or infrastructure that have no attributable owner due to bankruptcy or insolvency.

A3. Impact of COVID-19 pandemic on the department's administered items

While Covid related absenteeism has impacted logistics and timing of shipments for SA operations, including reports of the temporary closure of a mine in December, these impacts have had little-to-no effect on royalty collections as record prices and increased production has seen a new high for royalty receipts during the year.

Department for Energy and Mining
Notes to and forming part of the financial statements
For the year ended 30 June 2022

A4. Budget performance

The budget performance table compares the departments outcomes against budget information presented to Parliament (2021-22 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.

Statement of Administered Comprehensive Income	Note	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
<u>Administered Income</u>				
Appropriation		409	330	(79)
Royalties	(a)	321 724	382 711	60 987
Other income		5 888	6 247	359
Total administered income		328 021	389 288	61 267
<u>Administered Expenses</u>				
Employee benefits expenses		409	345	(64)
Payment of royalties to the Consolidated Account	(a)	321 724	382 711	60 987
Other expenses		5 888	6 182	294
Total administered expenses		328 021	389 238	61 217
Net result		-	50	50

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

- (a) Royalty receipts are collected on behalf of the State Government and returned to the consolidated account. The higher than budgeted collections are primarily due to higher mineral production volumes and increased commodity prices.