

OFFICIAL



**Government
of South Australia**

DEPARTMENT FOR ENERGY AND MINING

2022-23 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: 29 September 2023

OFFICIAL

To:

Honourable Tom Koutsantonis MP

Minister for Energy and Mining

This annual report will be presented to Parliament to meet the statutory reporting requirements of *(insert relevant acts and regulations)* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the DEPARTMENT FOR ENERGY AND MINING by:

Dr Paul Heithersay

Chief Executive

Date 28/09/2023

Signature

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

From the Chief Executive



One of the great challenges of the 21st Century is to successfully implement a strategy to transform an entire economy to respond to the threat posed by the ongoing climate emergency. As one of the very few government departments globally that recognises the link between mining and renewable energy, the Department for Energy and Mining is at the forefront of meeting that challenge.

In 2022-23, the department took further steps to support the South Australian government's net zero emissions ambition. To achieve this objective, the department has aligned its regulatory functions, policy development and information provision as enablers to achieve this objective.

South Australia has the first power system in the world where rooftop solar can exceed the state's total electricity demand. South Australia is projected to reach 85 per cent of energy generation from renewable sources. Grid-scale batteries have been added to the network to provide power system security services, and the Hydrogen Jobs Plan, overseen by the department's attached office, the Office for Hydrogen Power South Australia, will ultimately add hydrogen-generated power to that suite of firming services available in South Australia.

Our ambition for South Australia is to continue to reach these milestones and realise the full potential of our renewable and natural assets, through our support for encouraging a culture of innovation, and global leadership in adopting renewable energy generation and storage while exporting the minerals and fuels that are essential for our trading partners to meet their international emissions obligations.

We acknowledge the essential role that Aboriginal people play in energy and mining as land managers, heritage custodians, business owners and community leaders. The department also recognises that developing our resources also leads to a better standard of living and economic opportunities for our regional and remote communities.

The biggest challenges we faced in 2022-23 stemmed from the global energy crisis triggered by Russia's invasion of Ukraine and the historic floods that cut off many Riverland communities from electricity. In addressing the first challenge, the Department for Energy and Mining contributed its policy knowledge to support the national response, which has kept energy price rises lower than they would have been without coordinated action. In terms of the Murray River floods in November and December, the Office of the Technical Regulator contributed its expertise to keep communities safe when rising water threatened electrical infrastructure while providing timely advice to allow those homes and communities to be reconnected to the grid when it was safe to do so.

This financial year has also been an opportunity to take stock of what we have accomplished and begin developing long-term strategies to ensure South Australia has a smart, sustainable, and inclusive economy.

The department launched the Energy Transition Roundtable as a first stage in developing an economy-wide comprehensive plan to guide South Australia to its net zero-emission future. To allow all South Australians to contribute to the co-design of this far-reaching policy, the government adopted a green paper/white paper approach.

Similarly, the Department for Energy and Mining embarked on the design of the nation's first legislative framework to support the development of a hydrogen economy. The creation of the South Australian Aboriginal Renewable Energy Forum, which allowed the First Nations people to provide valuable input into this innovative regulatory framework supported the work to design the pioneering draft *Hydrogen and Renewable Energy Bill*.

Greater interconnection with the east coast elements of the National Energy Market is underway with the successful upgrade of the Heywood Interconnector with Victoria and the initiation of works to construct Project EnergyConnect with New South Wales. In South Australia, improvements to the Eyre Peninsula electricity infrastructure, the addition of synchronous condensers and the world's largest grid-connected source of virtual inertia ensured adequate system strength to avoid instability and supply interruptions while enhancing grid security. Through these innovations, South Australia is demonstrating to the world it can transition to greater renewable energy generation without compromising grid stability.

On the mining front, increased resource production contributed to a royalty stream of \$379.1 million in 2022-23. Forecasts suggest favourable commodity prices and increased production will potentially allow South Australia to achieve record royalties in 2023-24. The outlook for further development of our resource endowment also looks promising with mineral exploration reaching its highest level in 11 years in the March quarter of 2022-23. The search for copper underpinned 53 per cent of the \$64.2 million spent on the search for new mineral resources. Drilling campaigns to improve the understanding of the Oak Dam and Kalkaroo copper deposits are leading this exploration. A substantial increase in copper exports also bolstered South Australia's overall trade performance, with each month breaking the previous month's record for total goods exported. To enable good engagement practices between resource companies and landowners, the Department for Energy and Mining launched a voluntary Code of Conduct for explorers and miners while continuing to support the work of the Landowner Information Service to provide free, factual and impartial information on exploration, mining and quarrying.

South Australia's extractive industries remain well-regulated. The department's commitment to enforcing compliance was demonstrated by a successful conviction of a contractor for illegal mining at a private property near Port Augusta.

The department continues to safely regulate the oil and gas industry and support its ongoing transformation through the South Australian Roundtable for Oil and Gas

Projects. One of the exciting developments in this area is the Santos/Beach Energy joint venture to develop the Cooper Basin carbon capture and storage project.

The Department for Energy and Mining has supported the transition to electric vehicle use by facilitating the Statewide EV Charging Network and the \$3.2 million Smart Charging Trials. At a micro level, the department negotiated a charging port in the car park of its leased premises in the Adelaide CBD.

Internationally, the department has contributed to outbound missions to the United States, Canada, Japan, South Korea, the Netherlands, Germany, Spain and the United Kingdom to showcase the South Australian experience and invite partners on our transformational journey. The global reputation the Department for Energy and Mining has helped to establish is reflected in the latest Fraser Institute Survey of International Mining Companies, which ranked South Australia as number one in the world for geological databases, number three for policy perception and number nine in overall investment attractiveness.

The Department for Energy and Mining is a White Ribbon Accredited Workplace, reflecting its commitment to ensuring everyone has a safe and supportive work environment. The department supports the aspirations of Aboriginal people through its Reconciliation Action Plan. A Diversity and Inclusion Plan has been developed that established a Diversity and Culture Committee and formed working groups to guide the implementation of disability access, diversity, inclusion and reconciliation plans.

There are undoubtedly monumental challenges ahead for the Department for Energy and Mining, but the efforts of the department's dedicated and expert staff throughout 2022-23, continues to ensure South Australia has the capacity to respond in a timely and appropriate way to benefit everyone in the community.

Ending on a sad note, the Department for Energy and Mining farewelled one of the giants of the oil and gas industry in 2022 with the passing of Barry Goldstein PSM. Executive Director of Energy Resources in South Australia for two decades, Barry passed after a lengthy illness. With his trademark saying: "We build trust and reduce uncertainty." Barry left an indelible mark on the department and its approach to safe and sustainable regulation.

Dr Paul Heithersay

Chief Executive

Department for Energy and Mining

Contents

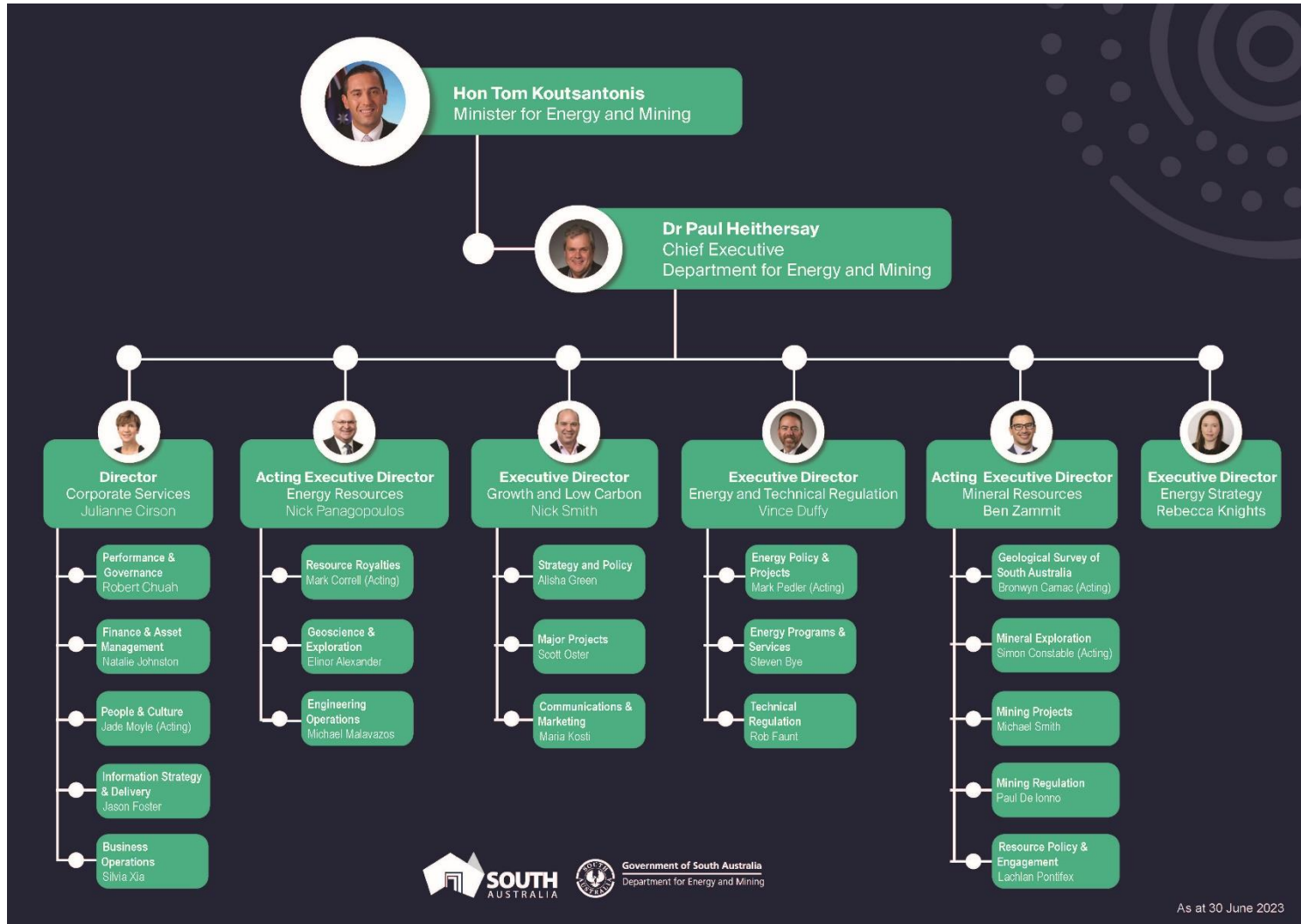
Overview: about the agency	7
Our strategic focus.....	7
Our organisational structure.....	8
Changes to the agency	9
Our Minister	9
Our Executive team	10
Legislation administered by the agency	13
Other related agencies (within the Minister's area/s of responsibility).....	13
The agency's performance	14
Performance at a glance	14
Agency specific objectives and performance	16
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	26
Contractors' disclosure	29
Risk management	35
Risk and audit at a glance.....	35
Fraud detected in the agency.....	35
Strategies implemented to control and prevent fraud.....	35
Public interest disclosure	36
Reporting required under any other act or regulation	37
Public complaints	39
Number of public complaints reported	39
Additional Metrics.....	40
Service Improvements	41
Compliance Statement.....	41
Appendix: Audited financial statements 2022-23	42

Overview: about the agency

Our strategic focus

Our Purpose	To support South Australia to responsibly grow through the success of its energy and mining sectors.
Our Vision	To be the world's most transformative energy and mining department.
Our Values	We deliver the best outcomes for South Australians through a culture that 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 to build a successful, sustainable future for all South Australians.
Our functions, objectives, and deliverables	<ul style="list-style-type: none"> • Ensure all South Australians feel the benefits of the state's economic transformation. • Increase the wellbeing of South Australian households through empowering consumers and facilitating a low-cost energy transition. • Guide growth and competitiveness of energy development opportunities that will lead to access to low-cost, reliable energy to underpin business growth. • Design and enforce effective and efficient regulation using a one-window approach to co-regulation for mining, oil and gas, extractives, electricity, gas, plumbing and gas fitting. • Support the transformation of the economy toward a net zero-carbon future, while improving the competitiveness of industry. • Generate pre-competitive geoscience and innovative data programs that lead to discoveries and facilitate their transition into projects. • Support royalty growth, job creation and business opportunities that contribute to the overall wellbeing of South Australians.

Our organisational structure



Changes to the agency

During 2022-23, through a machinery of government change, the department transferred some of its hydrogen industry development functions to the Office of Hydrogen Power South Australia (OHPSA).

Our Minister



Tom has been the Member of Parliament for the seat of West Torrens since 1997 and is currently Minister for Infrastructure and Transport, Minister for Energy and Mining and the Leader of Government Business in the House of Assembly.

Tom previously held ministerial appointments for Transport and Infrastructure between 2013 and 2014 and Mineral Resources and Energy between 2011 and 2018. He was also responsible for these portfolios in the Shadow Ministry between 2018 and 2022.

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.



Benjamin Zammit, Acting Executive Director, Mineral Resources, leads the team responsible for managing the state's exploration, quarrying and mining assets through best practice regulation and compliance monitoring. The Mineral Resources Division is also responsible for the management and growth of South Australia's geological information and data through the generation and testing of new geological ideas and models. Prior to undertaking this role Benjamin held a number of positions across 16 years in government, including Director of Mineral Exploration, Senior Advisor and Senior Case Manager, ensuring the responsible delivery of exploration and mining projects in South Australia. Benjamin has a background in environmental science and a passion for regulatory operations and good practice resource development.



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.



Vince Duffy, Executive Director, Energy and Technical Regulation, heads a team at the forefront of leading and developing responses to the many challenges faced by the state during the ongoing transition in the National Energy Market. Vince's team is also home to the Office of the Technical Regulator, which plays an essential role in maintaining safety in the electrical, plumbing and gas industries. Vince holds a Bachelor of Economics and has vast experience in energy market programs.



Nick Panagopoulos, Acting Executive Director, Energy Resources leads the team responsible for managing South Australia's 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. Before 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 until 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 while supporting the creation of new and sustainable jobs. 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 in the LPG and construction materials industries. Nick holds a Master of Business Administration, is a graduate of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Energy.



Rebecca Knights, Executive Director, Energy Strategy provides leadership on priority energy issues for the innovative development of strategies and responses which incentivise and contribute to the responsible transition of our energy sector. Prior to joining the department, Rebecca provided upstream oil and gas advice across the globe supporting investment attraction and the responsible implementation of projects. Rebecca holds a Bachelor of Law and has extensive experience in energy markets.

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 and Geothermal Energy Act 2000

Petroleum (Submerged Lands) Act 1982

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 is an attached office to the department.

The agency's performance

Performance at a glance

The Department for Energy and Mining continued to make strides towards achieving its vision of becoming the world's most transformative energy and mining department. This progress has taken place amid significant challenges in 2022-23 including global cost-of-living pressures, a national energy crisis and natural disasters including the worst River Murray floods since the 1950s.

With the goals of supporting the government transition of the economy to a net zero future, the department continued to develop synergies between the state's resources wealth, its renewable energy assets, and its reputation as a global leader in policy development. In recognising that South Australia hosts minerals and fuels essential to the successful transition of our trading partners to a decarbonised world, legislative and policy frameworks have been reviewed and stakeholders consulted, to ensure sustainable economic development benefits all South Australians.

The result of this review has been to design and update legislation that aligns with the government's economic priorities, enables its response to the climate change emergency while building on our reputation for one-window approach to co-regulation.

The department has also built on the foundation of its lean review in 2022-23 to streamline application and assessment processes to identify opportunities for greater digitisation of our interactions with proponents.

As part of the government's election commitments, the department has continued to work with the Australian Government to roll out its community battery and solar banks program, which has already identified Edwardstown and Magill as potential pilot sites.

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 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.

Since the commencement of new mining regulations in January 2021, the department has continued to improve regulatory outcomes through the updating of regulatory policy. Guidance has been provided to support new regulations, including the implementation of a scoping framework to build industry, community and government clarity on environmental and social matters, and the information required to understand the assessment of developing projects.

As part of its commitment to streamline regulatory processes and improve efficiency, the department commenced the implementation of the Mineral and Exploration Regulation System - a contemporary digital regulatory platform and outward facing system, including an online industry portal.

In Energy Resources, interest in natural hydrogen and geothermal resources continued to drive activity in licence applications. Work continued on amendments to update the *Petroleum and Geothermal Energy Act*, and the division has lent its expertise to the design of the nation-leading draft Hydrogen and Renewable Energy legislation. 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 has continued to ensure through regulation, the safety of electrical, plumbing and gas installations and appliances, as well as electricity, gas, water, and wastewater infrastructure. In 2022-23 the Office of the Technical Regulator conducted audits and compliance enforcement against the requirements set out in regulation and Australian Standards, while new regulatory requirements for Distributed/Consumer Energy Resources including cutting edge Dynamic Export capability for rooftop solar and demand response capability for air conditioners were introduced. The electronic Certificate of Compliance system used by tens of thousands of electricians, plumbers and gas fitters continued to see improvements and adoption in 2022-23.

The Royal Automobile Association (RAA), as part of its partnership with the state government, has begun to rollout South Australia's state-wide Electric Vehicle Charging Network to 140 sites. At its completion, the network will deliver 536 rapid and fast chargers in 52 rural, regional and metropolitan service locations.

The Remote Area Energy Supply (RAES) Scheme Future Sustainability Program continued to be rolled out, with installation of smart meters to improve energy efficiency and service delivery. Smart meters also allowed the introduction of more flexible payment options for participants, with more communities added in 2022-23.

The department completed its work to modernise energy generation on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands, with three megawatts of solar panels and 1.1-megawatt hours of battery storage installed into the Central Power House.

The two projects combined have led to a reduction of diesel fuel delivered to the Central Power House station of 875,000 litres during 2022-23.

Electranet and Transgrid progressed construction of Project EnergyConnect that will link South Australia and New South Wales with a 900-kilometre, high voltage transmission line. Interconnection will support greater grid stability, open new avenues for investment in renewable projects in the State's Mid North and opportunities to export South Australian renewable generation to the east coast.

The department continued to support the transformation of regional communities including Port Pirie, the Upper Spencer Gulf, Mintabie on the APY Lands and Leigh Creek in the Far North.

As part of its People and Culture initiatives, the department has maintained its White Ribbon accreditation, launched its updated Reconciliation Action Plan, introduced new governance structures and continued to place greater emphasis on promoting diversity and inclusion as a key element of the department's workplace culture.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Generate precompetitive geoscience and implement innovative data analysis that led to new discoveries	Increase exploration and resource investment to support job creation, economic growth and royalties for South Australia.	<p>\$2.5 million invested in the National Drilling Initiative in previously unexplored acreage, resulted in three times the exploration investment.</p> <p>\$150,000 invested over five years to support the formation of Industrial Transformation Training Centre (ITTC) for Critical Minerals to address the skills shortage across the full value chain in critical minerals, including upskilling for industry-based geoscientists, metallurgists, and mining/minerals engineers in the latest conceptual, data science and technological advances.</p> <p>The Geological Survey of South Australia's (GSSA) advancement into data science driven exploration by providing publicly available precompetitive geoscience data to industry via its SARIG platform, provides the opportunity for discoveries to be accelerated.</p> <p>For example, a machine learning approach has been used by one prominent explorer in South Australia where they applied geochemical fingerprinting criteria to over 2.3 million geochemical samples via SARIG with the aim of identifying exploration near-misses.</p> <p>An example of this is the Prominent Hill discovery which was missed twice by less than 100 metres. The company combined geophysical fingerprinting with a depth to basement model and other pre-competitive data that is provided by GSSA, to develop a data-driven map of potential exploration targets.</p> <p>The Government South Australia geoscience databases were ranked as number one in the Fraser Institute International ranking survey.</p>

<p>Encourage the sustainable growth of energy, minerals, petroleum and associated services and value chain industries for local and export markets.</p>	<p>Grow the future economy and lead Australia's transition to a zero-carbon future.</p>	<p>South Australia's reported energy and mining international exports increased by more than 30 per cent to \$4.6 billion in 2022-23, supported by strong growth in refined copper and iron ore exports.</p> <p>The department is delivering a 'one window to government' licencing and regulatory framework to support the sustainable expansion of the hydrogen and renewable energy sectors, manage impacts and deliver benefits for all South Australians. In 2022-23:</p> <ul style="list-style-type: none"> - two South Australian Aboriginal Renewable Energy Forums were held. - extensive public consultation on an Issues Paper and a draft Hydrogen and Renewable Energy Bill was undertaken. - new mapping to support the identification of potential release areas under the proposed Act was invested in. <p>The department has advanced several initiatives to accelerate electric vehicle ownership and attract a greater variety of affordable makes and models to South Australia, including:</p> <ul style="list-style-type: none"> - partnering with the RAA to construct the state's first electric vehicle charging network of more than 500 charging stations, at 140 sites in 52 locations. - supporting nine electric vehicle smart charging trials to demonstrate how charging can be integrated into the grid. - continuing the EV Fleet Pledge program to drive the transition to electric vehicles for commercial and government fleets. <p>The department developed the Green Paper on South Australia's energy transition, released for consultation on 29 June 2023 by the Hon Tom Koutsantonis MP, Minister for Energy and Mining.</p> <p>Stakeholder feedback on the Green Paper will contribute to the development of a White Paper on South Australia's energy transition in 2023-24.</p>
---	---	---

<p>Deliver and enforce effective, efficient, transparent regulation</p>	<p>Provide regulatory frameworks that deliver sustainable development and service standards within technical, safety, social and environmental expectations.</p>	<p>The department has used existing and new regulatory frameworks to ensure the safety of gas, plumbing, water, wastewater, and electrical installations and infrastructure. This is accomplished using a mixture of proactive education and compliance enforcement and reactive incident investigation and management.</p> <p>The Office of the Technical Regulator worked with and presented to the Metropolitan Fire Service and South Australia Police to improve their approach to electrical safety, reducing the risk of emergency services suffering electric shock.</p> <p>The Office of the Technical Regulator is proud in maintaining strong and productive working relationships with plumbers across the state. One of the key factors contributing to this success has been our commitment to providing regular and informative updates on the latest developments regarding the Australian Standards and the Plumbing Code of Australia. Through consistent communication and engagement, we have ensured that plumbers are well-informed about the evolving regulations and industry best practices.</p> <p>The new Gas Installation Standard was published in September 2022. The Office of the Technical Regulator has been working extensively with the gas industry to promote awareness and education of the new requirements, to ensure they keep pace with these design innovations on gas installations, consumer product developments, new industry practices and appliance manufacturer requirements.</p> <p>The department was involved in various activities connected to the development of renewable gases in South Australia. This included supporting the expansion of Hyp SA, blending five per cent hydrogen into natural gas networks for 3750 customers, research projects with the Future Fuels CRC and the regulatory working group with South Australian regulatory agencies to facilitate the</p>
---	--	--

		<p>development of the hydrogen industry along with a proposal to Standard Australia to facilitate injection of biomethane in natural gas networks.</p> <p>New regulations designed to aid the integration of distributed renewable generation and other energy resources utilising cutting edge technology, enabled work towards the 1 July 2023 commencement of dynamic export requirements. These will allow utilisation of more energy from rooftop solar systems, while ensuring the safe and reliable operation of the greater power system.</p> <p>The Mineral Resources Division completed 381 inspections across mining and exploration tenements. A total of 82 mining assessments were completed with 56 approved while 266 exploration assessments were completed with 196 approved.</p>
<p>Increase the wellbeing of households and support the competitiveness of businesses through actions to ensure sustained economic growth.</p>	<p>Provide a secure, reliable energy system with lower energy prices for all South Australians.</p>	<p>The department has secured further expansion of the South Australia Virtual Power Plant to deliver increased savings on electricity to more than 7,000 low income and vulnerable South Australian households and partnered with the Australian Government on the Community Battery for Household Solar initiative.</p> <p>The department has overseen the commissioning of Virtual Machine Mode at Hornsdale Power Reserve, demonstrating for the first time anywhere in the world that grid scale batteries can deliver inertia services comparable to traditional synchronous machines, instantaneously contributing around 15 per cent of the predicted shortfall in the South Australia's network and ensuring ongoing stability of supply households and businesses.</p>

Corporate performance summary

The Department for Energy and Mining continues to implement its vision to be the most transformative energy and mining government department. Intrinsic to the success of the department is a workplace culture that embraces diversity and provides a business environment that allows agency staff to achieve their full potential.

The Department for Energy and Mining regularly recognises and rewards individual and team achievements that align with the agency's strategic directions and high-performance enablers. The department's annual Excellence Awards recognise outstanding performance by both individuals and teams.

The ongoing contribution of staff working groups give department employees a voice on developing strategies to improve inclusion, as well as our Lived Experience series and Reconciliation Action Plan that reflect the department's commitment to reconciliation and the support for workplace diversity. This approach includes a regular rotation of two diversity representatives on the Executive Leadership Team.

During the year, the department began the process of updating our Strategic Directions to align with the Vision, Objectives and Three Missions set out in the South Australian Economic Statement. The department has also embarked on the Future State project to be finalised in 2023-24 to adapt its organisational structure to better deliver its objectives and priorities in line with the public's expectations of an efficient and transparent public service.

The department continues to embrace flexible working by offering staff the choice in managing their balance between working from the office and home as the world continues to transition from the restrictions required to combat the global pandemic.

As a key enabler to deliver improved efficiency of operations and customer experience, we continue progressing projects in the Digital Transformation program, including our online reporting and analytics capability.

Employment opportunity programs

Program name	Performance
University placements and undergraduate students	The department hosted students (school and university) for the placement component of their course – primarily in the fields of engineering, geology and economics.
Graduates	The department recruited graduates through either individual vacancies or its inaugural graduate program launched this year. Three 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.</p> <p>This online system records all discussions, and the department undertakes an audit on completion rates at appropriate periods.</p>	<p>Staff participate in two formal performance management and development plan conversations each year.</p> <p>The department's performance management and development framework uses the iGROW online system. During the year, the department identified a system reporting issue which resulted in potential under reporting of participation. Rectification of this is progressing.</p> <p>The department conducted a review to determine the effectiveness of the PDP process that highlighted the framework is not necessarily conducive to ongoing meaningful conversations throughout the year. The department has scheduled recommendations for improvement that should improve the quality of conversations and participation.</p> <p>As of 30 June 2023, participation was 52 per cent, a slight increase from 48 per cent as of 31 December 2022.</p> <p>Please note the data includes all active employees with more than six months service.</p>

Work health, safety, and return to work programs

Program name	Performance
Wellbeing initiatives	<p>Numerous initiatives support employee wellbeing in the areas of career, social, financial, physical, community and mental. These include:</p> <p><u>Flu Vaccination Program</u></p> <p>The department offered all staff flu vaccinations at onsite clinics or through pharmacy vouchers. Onsite vaccinations totalled 90 while 88 vouchers were issued. Flu vaccination uptake remained consistent with previous years.</p> <p><u>Corporate Cup</u></p> <p>Annual staff sponsorship in the Corporate Cup recognises that physical activity promotes health and wellbeing while building positive behaviour and strong team culture.</p> <p><u>Seated Massage</u></p> <p>15-minute onsite massage offered to all staff assisted with mental and physical stress.</p> <p><u>Flexible Working</u></p> <p>Working from home agreements were extended by 12 months from March 2023.</p>
Wellbeing Survey – South Australian Health and Medical Research Institute (SAHMRI)	The department measured mental health and wellbeing of staff in July 2022 using SAHMRI's Be Well Co Be Well Tracker measurement platform. This is the second measurement the department has conducted, with the first undertaken in 2020. In total 126 staff completed the survey.
Employee Assistance Program	Staff have access to free, confidential counselling and support services through offsite Employee Assistance Program appointments or weekly onsite ("walk and talk") visits from counsellors.
Mental Health First Aid Training	An Expression of Interest (EOI) went to all staff offering the opportunity to become an accredited Mental Health First Aid officer. As a result, the department added a further seven staff to its Mental Health First Aid officer cohort.

Work Health Safety and Injury Management Framework	<p>The Work Health Safety and Injury Management Framework is a set of policies, procedures and guides that strengthen our ability to improve wellbeing and safety. The Chief Executive Safety Commitment (WHSIM Policy) supports this framework.</p> <p>In 2022-23, the department enhanced the framework to ensure it continued to reflect the agencies risk profile. Additional documents added to the framework included:</p> <ul style="list-style-type: none"> • Asbestos Management Guide • Chemical Management Guide • Cultural Safety Guide • Hazardous Manual Tasks and Ergonomics Guide • WHS&IM Planning Policy • Working Alone, in Isolation or Remote Guide
--	--

Workplace injury claims	2022-23	2021-22	% Change (+ / -)
Total new workplace injury claims	0	1	-100%
Fatalities	0	0	N/A
Seriously injured workers*	0	0	N/A
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	N/A

*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	2022-23	2021-22	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	1	0	N/A
Number of provisional improvement, improvement, and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	3	0	N/A

Return to work costs**	2022-23	2021-22	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$64,047	\$89,328	-28%
Income support payments – gross (\$)	\$50,810	\$42,885	+18%

***before third-party recovery*

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

Executive employment in the agency

Executive classification	Number of executives
EXECF	1
SAES1	14
SAES2	4

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

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. Full audited financial statements for 2022-2023 are attached to this report.

Statement of Comprehensive Income	2022-23 Revised Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Total Income	88,570	98,099	(9,529)	152,377
Total Expenses	194,402	183,413	10,989	143,386
Net Result	(105,832)	(85,314)	(20,518)	8,991
Total Comprehensive Result	(105,832)	(85,314)	(20,518)	8,991

Higher than budgeted income was primarily due to additional regulatory fees relating to mineral leases and exploration of \$2.8 million and surplus appropriation of \$4.5 million in readiness to transfer to the Office of Hydrogen Power South Australia (OHPSA) as a result of Machinery of Government changes.

Lower than budgeted expenditure was primarily due to changes in scheduled grant payments between years of \$10.8 million. Further details on agency expenditure are disclosed in the full audited financial statements that are attached to this report.

Statement of Financial Position	2022-23 Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Current assets	30,521	61,589	(31,068)	142,383
Non-current assets	99,224	63,789	35,435	73,110
Total assets	129,745	125,378	4,367	215,493
Current liabilities	44,350	39,922	4,428	44,447
Non-current liabilities	9,238	11,748	(2,510)	12,249
Total liabilities	53,588	51,670	1,918	56,696
Net assets	76,157	73,708	(2,449)	158,797
Equity	76,157	73,708	(2,449)	158,797

Higher than budgeted current assets is primarily due to an increase in cash due to timing changes on projects during the year. The changes to timing on investing projects has resulted in lower non-current assets.

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	22,628

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

Consultancies	Purpose	\$ Actual payment
Acil Allen Consulting	Economic Evaluation of South Australian Geological Survey Services.	84,091
Acil Allen Consulting	Review of Cost Recovery for Petroleum and Mineral Regulation.	50,379
BDO Services Pty Ltd	Professional services in relation to the delivery of SA Energy and Mining Satellite Accounts.	20,000
Bee Squared Consultants	Functional review of Mineral Resources Division.	16,000
Brubrior Investments Pty Ltd	Consulting services in respect of Steel Taskforce.	140,000
Endgame Economics Pty Ltd	Economic Energy Markets Consultant Panel.	139,295
ERM Australia Pty Ltd	Provide two discrete work packages to assist with integrating a scoping study into the assessment processes for mining tenements.	138,163
Fenix Performance Solutions	Technical, commercial, and financial advice and due diligence services for the Whyalla Steel Works Transformation.	4,975
Frontier Economics Pty Ltd	Economic Energy Markets Consultant Panel.	325,055

Consultancies	Purpose	\$ Actual payment
Fuller	States Energy Transition Policy Campaign and Hydrogen Communications Project.	17,709
Grasso Carmine Anthony	The project is self-contained and involves Carmine researching shallow Eromanga Basin plays (for example, Coorikiana Sandstone and Mackunda Formation) and describing them using current templates for the DEM website.	40,000
Honjo Pty Ltd	Provision of project management services to support the State-Owned Emergency Power Plant Project.	48,875
IES Advisory Services Pty Ltd	Economic Energy Markets Consultant Panel.	198,440
Jane Munday Consulting	Research, design and write a high-level social impact assessment for major projects in South Australia that aligns with statutory planning and environmental requirements.	15,000
JBS&G Australia Pty Ltd	Port Pirie communication framework.	13,423
KPMG Australia	Economic Energy Markets Consultant Panel.	58,250
KPMG Australia	Port Pirie Partnership Program - Transition Planning (TLAP).	193,688
KSJ Consulting Service Pty Ltd	Consultation forum to discuss the Hydrogen and Renewable Energy Act.	17,182
KSJ Consulting Services Pty Ltd	Cultural Capability Audit of DEM, outlining recommendations for improvement.	107,040
McGregor Tan Research	Market research into: Energy SA - Role of Government.	39,900
Paul Case	Strategic advice and services provided as required while performing duties as Chair of both the Mintabie	88,338

Consultancies	Purpose	\$ Actual payment
	Oversight Committee and Leigh Creek Transformation Task Force.	
PwC	Provision of expert advice on the right to negotiation (RTN) process under the <i>Native Title Act 1993</i> to inform the expansion of the Commonwealth RTN scheme in South Australia.	62,678
PwC	Conduct economic assessment of Woomera Prohibited Area (WPA) and submit a final report to Defence using a desktop study of secondary data and cover minerals, petroleum, water resources and their future potential in driving economic outcomes for SA.	45,000
PwC	Provision of financial advisory and due diligence services, economic impact and benefit evaluation, business case development and project and program assessment, for the Whyalla Steel Works Transformation.	88,068
Robert I Thomas	To mitigate potential environmental and community project risks and adverse outcomes on a range of projects within the Growth and Low Carbon Division.	152,223
Rosslyn Cox and Mark Williams Consulting Pty Ltd	Gender inclusion review of documents, interviews, survey, focus groups, workshop, meetings presentation and provide written report including recommendations.	8,200
SA Native Title Services Ltd	SA Aboriginal Energy Forum.	35,424
Source Geoscience Pty Ltd	Technical support for Otway Basin Petroleum systems analysis and Modelling Studies.	50,000
Suthwyn Inc	Provide independent technical and expert advice on the not-for-profit operating model, market validation, governance structure, business cost	17,402

Consultancies	Purpose	\$ Actual payment
	model, operational protocols, and regulatory model.	
Umwelt (Australia) Pty Ltd	Provision of scoping resources for the delivery of user testing workshop.	65,680
University Of Adelaide	Economic study for the sustainable development of Critical Minerals sector and value chain in South Australia.	27,650
Wellsafe Pty Ltd	Obtain independent expert advice on the execution of a provided scope of works and provide any additional independent expert advice related to the proposed scope of works.	15,170
	Total	2,323,298

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

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	113,904

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

Contractors	Purpose	\$ Actual payment
Andrew Hill Investigations	Investigate confidential employee matter	11,383
Antakirinja Matu-Yankunytjatjara Aboriginal Corporation RNTBC	Supply of gravity surveys within the Gawler region of South Australia	20,770
BDO Services Pty Ltd	Develop an economics dashboard in Microsoft's PowerBI platform	87,613
BDO Services Pty Ltd	Preparation of Energy and Mining satellite account update	20,000
Bee Squared Consultants	Document Improvement and Prioritisation Project	35,700
Cactus Wellhead Australia	Provide wellhead annular pressure measurements on three wells and function, also service, grease and pressure test wellhead	38,948
CDM Smith Australia Pty Ltd	Engage hydrogeological expertise to prepare a strategic framework to improve the knowledge of groundwater resources and utilisation in the Far North region of South Australia	147,352
Challenger Geological Services	Temporary agency staff services	54,406
Chubb Fire & Security Main Account	Provision of professional services to replace the existing Fire and Mechanical services for the Central Powerhouse/Station	11,518
Converge International Pty Ltd	On-site employee counselling services	45,933

Contractors	Purpose	\$ Actual payment
Cowell Electric Supply	Remote Area Energy Supply scheme – provision of electricity generation, distribution and retail services	5,183,528
Curtin University of Technology	Delivery of up to 30 Zircon Uranium – lead (U-Pb) Sensitive High Resolution Ion Microprobe (SHRIMP) geochronological age determinations, and analysis of apatite samples using the multi collector-inductively coupled plasma mass spectrometer (MC-ICPMS) and delivery of sample specific geochronological report on these analyses	47,150
Daylight Breaks Pty Ltd	Delivery of 14 videos to help promote Gawler Phase 2 project	18,950
DBD Environmental Pty Ltd	Groundwater monitoring in St Kilda	11,865
Design Matters National	Net Zero Energy Ready Homes Training Package	21,080
Escient Pty Ltd	Mine Application Process Change Strategy and Approach	48,950
Fawcett Mine Rehabilitation	Christies Sand Pit PEPR Assessment and Arumpo Bentonite Exploration PEPR Assessment	19,695
Galpins	Support in the delivery of risk management policy and framework; revised strategic risk register; revised risk appetite statement; revised risk consequence matrix; Risk and Audit Committee-	28,268

Contractors	Purpose	\$ Actual payment
	Terms of Reference; delivery of education and training to upskill employees and embed a risk management culture	
Geomorph Energy Consulting	Utilise specialised seismic interpretations software and seismic lines already interpreted to finalise maps of key Otway Basin formations which will be used to develop a basin model	48,000
Hannan Duck & Partners Pty Ltd	IT Security Advisor secondment to assist with the provision of information security and cyber security advice and maintain appropriate levels of information security controls within the department	39,686
Hannan Duck & Partners Pty Ltd	Unified Emergency Management and Business Resilience Model	30,000
Hays Specialist Recruitment	Temporary agency staff services	237,317
Hylogging Systems Pty Ltd	Maintenance services for HyLoggerTM 3 machine	44,880
Ian Dixon Pty Ltd	Independent facilitation for the South Australian Renewable Energy Forum held in Port Augusta	61,853
JTWO Solutions Pty Ltd	Implementation of Seismic Data onto web portal within cloud environment	32,727
KPMG Australia	Advisory services to assist the department to deliver a detailed organisational	163,303

Contractors	Purpose	\$ Actual payment
	design reflecting the Future State Vision	
KPMG Australia	Future State Financial Analysis - Model Assistance	49,856
KPMG Australia	Advisory services to assist the department with synthesising all known issues and constraints facing the department and reflect on the Future State Vision and structure for the department	49,831
Linking Futures Pty Ltd	Conversion of the department's Issues Paper "Hydrogen and Renewable Energy Act" and the accompanying "Summary" into Aboriginal community-appropriate language	39,586
Money Mob Talkabout Limited	Provision of an energy education program and community engagement around the introduction of smart meters in remote towns and Aboriginal communities under the Remote Area Energy Supplies scheme	551,181
OPM Consulting Pty Ltd	Assist Geological Survey South Australia staff in the logistics planning, deployment, and collection of up to 21 passive-seismic instruments as part of Geoscience Australia's 2D Grid Survey	35,467
Randstad P/L	Temporary agency staff services	611,987
Recap Consultants Pty Ltd	Authorised Officer/Regulatory Training	29,000

Contractors	Purpose	\$ Actual payment
	Framework - development of overarching framework	
Samantha Wilkinson Human Resource Consulting	Review the Strategic Direction, Enablers and High-Performance Behaviour Framework	31,200
Secure Meters (Australia) Pty Ltd	Smart meter services for the Remote Area Energy Supplies scheme	129,979
Selina Foat Creative	Provision of desktop publishing, graphic design and printing Bulletin 57	11,910
Sonnen Australia Pty Ltd	Storage, packing and shipping of batteries for the Batteries for Bushfire Rebuilding initiative and deployment on government assets	41,943
WSP Australia Pty Limited	Provision of services relating to hosting, support and maintenance of the South Australia's hydrogen online modelling tool	26,100
	Total	8,118,915

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

The [SA Tenders and Contracts website](#) provides details of South Australian Government-awarded contracts for goods, services, and works. This website also provides details of [across government contracts](#).

Risk management

Risk and audit at a glance

The former Risk and Performance Committee (a joint committee established with the Department for Industry, Innovation and Skills and the Department for Trade and Investment) was disbanded in December 2022. The role of the Risk and Performance Committee is to assist the agencies with oversight responsibilities for external financial reporting, internal control systems, risk management systems and the internal and external audit functions.

In April 2023, a new Audit and Risk Committee was established, with a similar scope, to specifically focus on the Department for Energy and Mining and the attached Office of Hydrogen Power South Australia. Membership consists of both internal and external members and the committee is independently chaired. One of the first tasks of the committee was to improve both entities risk management framework and management of strategic risks in alignment with the government's commitments.

The Executive Leadership Team continue to undertake monthly reviews of the strategic risks to ensure the risks remained current and that treatment actions are implemented with the agreed timeframe.

Other key activities during the year focused on uplifting our protective and cyber security internal controls, review of procurement policies and procedures to align with the new Treasurer's Instruction 18 – Procurement, embedding consistent risk management approach in key functions such as project management, corporate services and work health and safety.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	0

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

Strategies implemented to control and prevent fraud.

The agency continued to take a risk-based approach to control and prevent instances of fraud. The control framework includes Fraud, Corruption, Misconduct and Maladministration policy and procedure.

Fraud control and prevention activities during the year included:

- Annual review of financial and human resource delegations.
- Review of purchase card transactions.
- Segregation of duties for approvals and payments.
- Continued monitoring of finance and project dashboard reporting.

- Regular review of key reconciliations performed by Finance and Shared Services SA (including payroll, cash, accounts payable and accounts receivable).
- Monthly monitoring of divisional actual and budget expenditure.
- Six monthly review of bank account signatories and authorised officers.
- Quarterly review of Basware users (including Financial Authorisations).

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

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: [2021-2022 DEM Annual Report](#)

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>

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>

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>

Act or Regulation	Requirement
<i>The Water Industry Act 2012</i>	Section 13—Annual report (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.

Technical Regulator will present a report separately to the minister.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
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	1
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	2
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error, incorrect process used; delay in processing application; process not customer responsive	1
Policy	Policy application	Incorrect policy interpretation, incorrect policy applied; conflicting policy advice given	0

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0
Service quality	Information	Incorrect, incomplete, out-dated or inadequate information; not fit for purpose	1
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	13
		Total	18

Additional Metrics	Total
Number of positive feedback comments	17
Number of negative feedback comments	68
Total number of feedback comments	123
% complaints resolved within policy timeframes	100%

Data for previous years is available at: [2021-2022 DEM Annual Report](#)

Service Improvements

The department received positive feedback regarding ease of use following the launch of a consolidated and easier-to-use [DEM website](#) in May 2022.

The department improved management of the Complaint Management System by streamlining the allocation and review of complaint responses to help support a positive customer experience.

Alternative external sources of assistance were suggested where appropriate, to help support a positive customer service experience where the agency was not able to resolve a complaint due to there being 'no case to answer'.

The department is finalising a review of complaints and feedback policy and procedure, reflecting on our internal processes, to consider further opportunities for service improvements. The department also conducted information sessions for new members of staff.

Compliance Statement

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

Appendix: Audited financial statements 2022-23

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

Financial Statements

For the year ended 30 June 2023

Department for Energy and Mining
Certification of the Financial Statements
for the year ended 30 June 2023

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
14 September 2023



Natalie Johnston
Chief Financial Officer
14 September 2023

Department for Energy and Mining
Statement of Comprehensive Income
for the year ended 30 June 2023

		2023	2022
	Note	\$'000	\$'000
<u>Income</u>			
Appropriation	2.1	24 712	53 307
SA Government grants, subsidies and transfers	2.2	26 098	55 162
Fees and charges	2.3	32 884	30 343
Sales of goods and services	2.4	5 400	4 720
Interest	2.5	285	907
Commonwealth-sourced grants and funding	2.6	228	400
Resources received free of charge	2.7	507	538
Other income	2.8	4 954	4 081
Recoveries	2.9	3 031	2 914
Net gain from the disposal of non-current assets	2.10	-	5
Total income		98 099	152 377
<u>Expenses</u>			
Grants and subsidies	4.1	51 699	33 790
Supplies and services	4.2	39 392	37 365
Employee benefits expenses	3.3	42 710	41 944
Depreciation and amortisation	5.1, 5.3	2 815	2 946
Net loss from the disposal of non-current assets	2.10	50	-
Borrowing costs		8	4
Other expenses	4.3	2 936	2 470
Cash alignment transfers to Consolidated Account		43 803	24 867
Total expenses		183 413	143 386
Net result		(85 314)	8 991
Total comprehensive result		(85 314)	8 991

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 2023

		2023	2022
	Note	\$'000	\$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	55 709	132 956
Receivables	6.2	4 966	6 879
Other current assets		914	2 548
Total current assets		61 589	142 383
<u>Non-current assets</u>			
Property, plant and equipment	5.1	56 343	55 032
Intangible assets	5.3	7 446	3 582
Receivables	6.2	-	14 496
Total non-current assets		63 789	73 110
Total assets		125 378	215 493
<u>Current liabilities</u>			
Payables	7.1	9 458	7 593
Employee benefits liabilities	3.4	3 802	4 167
Financial liabilities	7.2	150	187
Provisions	7.3	197	182
Security deposits	7.4	24 250	28 430
Other current liabilities	7.5	2 065	3 888
Total current liabilities		39 922	44 447
<u>Non-current liabilities</u>			
Payables	7.1	780	802
Employee benefits liabilities	3.4	7 831	8 336
Financial liabilities	7.2	269	192
Provisions	7.3	2 797	2 821
Other non-current liabilities	7.5	71	98
Total non-current liabilities		11 748	12 249
Total liabilities		51 670	56 696
Net assets		73 708	158 797
<u>Equity</u>			
Retained earnings		39 504	124 593
Asset revaluation surplus		3 226	3 226
Contributed capital		30 978	30 978
Total equity		73 708	158 797

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 2023

		Retained	Asset	Contributed	Total equity
		earnings	revaluation	capital	
	Note	\$'000	surplus	\$'000	\$'000
Balance as at 1 July 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
<u>Net result for 2022-23</u>		(85 314)	-	-	(85 314)
Total comprehensive result 2022-23		(85 314)	-	-	(85 314)
Net assets transferred by proclamation	1.3	225	-	-	225
Balance as at 30 June 2023		39 504	3 226	30 978	73 708

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 2023

	Note	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>			
<u>Cash inflows</u>			
Appropriation		24 712	53 307
SA Government grants, subsidies and transfers		26 098	55 162
Fees and charges		31 264	28 985
Commonwealth-sourced grants and funding		228	400
Sales of goods and services		5 538	4 767
Loan receivable repaid		17 779	-
Interest		361	907
Net GST recovered from ATO		6 575	1 703
Receipts of security deposits		3 802	9 665
Net receipts from paid parental leave scheme		16	25
Other receipts		7 098	50 970
Cash generated from operations		123 471	205 891
<u>Cash outflows</u>			
Employee benefits expenses		(43 424)	(45 071)
Supplies and services		(43 641)	(42 672)
Refunds of security deposits		(7 982)	(135)
Grants and subsidies		(53 149)	(35 849)
Payments for paid parental leave scheme		(16)	(28)
Cash alignment transfers to Consolidated Account		(43 803)	(24 867)
Other payments		(829)	(834)
Cash used in operations		(192 844)	(149 456)
Net cash (used) / provided by operating activities	8.2	(69 373)	56 435
<u>Cash flows from investing activities</u>			
<u>Cash inflows</u>			
Proceeds from sale of property, plant and equipment and other assets		285	14
Cash generated from investing activities		285	14
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(7 938)	(7 532)
Cash used in investing activities		(7 938)	(7 532)
Net cash used in investing activities		(7 653)	(7 518)
<u>Cash flows from financing activities</u>			
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(221)	(256)
Cash used in financing activities		(221)	(256)
Net cash used in financing activities		(221)	(256)
Net (decrease) / increase in cash and cash equivalents		(77 247)	48 661
Cash at the beginning of the period		132 956	84 295
Cash at the end of the period	6.1	55 709	132 956

Department for Energy and Mining

Notes to and forming part of the financial statements

for the year ended 30 June 2023

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.

Attached office

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 government funding to OHPSA is reflected in the intra-government revenues and expenses of the department.

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.

No Australian Accounting Standards have been early adopted other than AASB 2021-1, which was adopted from 1 July 2021. 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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 income, expenses, 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 2023

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	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
Appropriation	-	-	-	-	24 712	53 307	24 712	53 307
SA Government grants, subsidies and transfers	22 596	51 723	3 502	3 439	-	-	26 098	55 162
Fees and charges	32 884	30 343	-	-	-	-	32 884	30 343
Sales of goods and services	5 400	4 720	-	-	-	-	5 400	4 720
Interest	285	907	-	-	-	-	285	907
Commonwealth-sourced grants and funding	228	400	-	-	-	-	228	400
Resources received free of charge	480	510	27	28	-	-	507	538
Other income	4 954	4 078	-	3	-	-	4 954	4 081
Recoveries	3 026	2 863	5	51	-	-	3 031	2 914
Net gain from the disposal of non- current assets	-	5	-	-	-	-	-	5
Total income	69 853	95 549	3 534	3 521	24 712	53 307	98 099	152 377
Expenses								
Grants and subsidies	51 041	33 770	658	20	-	-	51 699	33 790
Supplies and services	38 490	36 586	902	779	-	-	39 392	37 365
Employee benefits expenses	40 395	39 700	2 315	2 244	-	-	42 710	41 944
Depreciation and amortisation	2 653	2 645	162	301	-	-	2 815	2 946
Net loss from the disposal of non- current assets	50	-	-	-	-	-	50	-
Borrowing costs	7	4	1	-	-	-	8	4
Other expenses	2 911	2 444	25	26	-	-	2 936	2 470
Cash alignment transfers to Consolidated Account	-	-	-	-	43 803	24 867	43 803	24 867
Total expenses	135 547	115 149	4 063	3 370	43 803	24 867	183 413	143 386
Net result	(65 694)	(19 600)	(529)	151	(19 091)	28 440	(85 314)	8 991

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs (continued)

Assets and liabilities by program

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		Activity Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>						
Cash and cash equivalents	54 087	129 319	1 622	3 637	55 709	132 956
Receivables	4 727	20 618	239	757	4 966	21 375
Other current assets	914	2 548	-	-	914	2 548
Property, plant and equipment	53 101	48 853	3 242	6 179	56 343	55 032
Intangible assets	7 017	3 176	429	406	7 446	3 582
Total assets	119 846	204 514	5 532	10 979	125 378	215 493
<u>Liabilities</u>						
Payables	9 940	8 156	298	239	10 238	8 395
Employee benefits liabilities	11 002	11 824	631	679	11 633	12 503
Financial liabilities	409	371	10	8	419	379
Provisions	2 832	2 805	162	198	2 994	3 003
Security deposits	24 250	28 430	-	-	24 250	28 430
Other liabilities	2 074	3 875	62	111	2 136	3 986
Total liabilities	50 507	55 461	1 163	1 235	51 670	56 696

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3. Changes to the Department

Transferred out 2022-23

The *Public Sector (Reorganisation of Public Sector Operations – Department for Energy and Mining) Notice 2023* (dated 2 March 2023) proclaimed that, effective from 1 March 2023, three employees will be transferred from the Department for Energy and Mining to the Office of Hydrogen Power South Australia in relation to the Hydrogen Program Industry Development team.

The following liabilities were transferred to the Office of Hydrogen Power South Australia:

	\$'000
<u>Current liabilities</u>	
Payables	16
Employee benefits liabilities	98
Total current liabilities	114
<u>Non-current liabilities</u>	
Payables	15
Employee benefits liabilities	96
Total non-current liabilities	111
Total liabilities	225
Total net assets transferred out	(225)

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a contribution by the government as owner.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Statement Note	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Comprehensive Income					
<u>Income</u>					
Appropriation	2.1	(a)	103 713	24 712	(79 001)
SA Government grants, subsidies and transfers	2.2		24 260	26 098	1 838
Fees and charges	2.3		28 236	32 884	4 648
Sales of goods and services	2.4		4 795	5 400	605
Interest	2.5		1 093	285	(808)
Commonwealth-sourced grants and funding	2.6		-	228	228
Resources received free of charge	2.7		-	507	507
Other income	2.8		5 389	4 954	(435)
Recoveries	2.9		-	3 031	3 031
Total income			167 486	98 099	(69 387)
<u>Expenses</u>					
Grants and subsidies	4.1		51 778	51 699	(79)
Supplies and services	4.2		35 311	39 392	4 081
Employee benefits expenses	3.3		41 201	42 710	1 509
Depreciation and amortisation	5.1, 5.3		4 265	2 815	(1 450)
Net loss from the disposal of non-current assets	2.10		-	50	50
Borrowing costs			11	8	(3)
Other expenses	4.3		2 009	2 936	927
Cash alignment transfers to Consolidated Account		(b)	-	43 803	43 803
Total expenses			134 575	183 413	48 838
Net result			32 911	(85 314)	(118 225)
Investing Expenditure Summary					
Total new projects		(c)	6 246	2 139	(4 107)
Total existing projects		(d)	667	3 272	2 605
Total annual programs		(e)	2 134	2 667	533
Total investing expenditure			9 047	8 078	(969)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4. 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) Appropriation is \$79 million below original budget primarily due to the Department of Treasury and Finance approving the department to access surplus cash in lieu of appropriation funding (\$26.9 million) and the reprofiling of the Office of Hydrogen Power South Australia's capital budget for Hydrogen Jobs Plan (\$50.0 million).

Expenditure

- (b) Cash alignment transfers to Consolidated Account reflect repayment to the Consolidated Account of excess funds.

Investing Expenditure

- (c) New projects are \$4.1 million below original budget primarily due to timing changes in the Mining and Exploration Regulation System (MERS) program (\$3.1 million).
- (d) Existing projects are \$2.6 million above original budget primarily due to timing changes in the Modern Resources Customer System Transformation (\$2.0 million) and Renewable Integration and Central Power House Upgrade programs (\$1.0 million).
- (e) Annual programs are \$0.5 million above original budget primarily due to Remote Area Energy Supply (RAES) Power Generation and Distribution Equipment (\$0.6 million).

1.5. 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
- approximately 41% of grants and subsidies are paid to other SA Government entities, mainly related to the transfer of funding to the Office of Hydrogen Power South Australia.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Appropriation

Appropriations are recognised on receipt.

Appropriation pursuant to the Appropriation Act consists of \$24.7 million (2022: \$53.3 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 2021-22 and 2022-23 primarily reflects the Department of Treasury and Finance approving the department to access surplus cash of \$26.9 million during 2022-23 in lieu of appropriation funding.

2.2. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Industry licence fee allocation	12 850	11 725
Green Industry Fund	9 594	20 759
Other intra-government transfers	2 170	1 214
Recovery from the Department of Treasury and Finance for TVSPs	1 484	-
Jobs and Economic Growth Fund	-	21 464
Total SA Government grants, subsidies and transfers	26 098	55 162

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

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.

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

Funding from the Jobs and Economic Growth Fund was reclassified from intra-government transfer to appropriation during 2023.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.3. Fees and charges

	2023	2022
	\$'000	\$'000
Mining and petroleum licence fees	30 845	28 610
Mining and petroleum non-licence fees	2 039	1 733
Total fees and charges	32 884	30 343

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

The department is responsible for the 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 and 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

	2023	2022
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	2 221	1 787
Contract liabilities	(1 793)	(3 861)
Total contract balances	428	(2 074)

Revenue totalling \$2.2 million was recognised in 2022-23 that was included in contract liabilities at 1 July 2022. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

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 the renewal of nine significant mining tenements in 2022-23 that carried over from 2021-22.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.4. Sales of goods and services

Revenue from the sale of electricity \$5.4 million (2022: \$4.7 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

	2023	2022
	\$'000	\$'000
Receivables from contracts with customers, included in 'Receivables'	472	578
Total contract balances	472	578

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

2.5. Interest

Interest revenues \$0.3 million (2022: \$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 2023

2.6. Commonwealth-sourced grants and funding

	2023	2022
	\$'000	\$'000
Grants		
Community Batteries for Household Solar	175	-
Greenhouse and Energy Minimum Standards (GEMS) Inspections	53	5
Hydrogen Training for Emergency Responders	-	350
Alternative Regulatory Instruments Review	-	45
Total Commonwealth-sourced grants and funding	228	400

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 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 in 2022-23 for the following purposes:

- Community Batteries for Household Solar - Delivery of Election Commitments Stream 1 to deliver community batteries at 56 locations selected by the Government.
- 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*.

2.7. Resources received free of charge

	2023	2022
	\$'000	\$'000
Services received free of charge - Shared Services SA	389	369
ICT services and media monitoring received free of charge - DPC	118	169
Total resources received free of charge	507	538

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 and Media Monitoring areas in the Department of the Premier and Cabinet valued at \$0.1 million.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.8. Other income

	2023	2022
	\$'000	\$'000
Fuel tax credits	1 783	1 956
Support for the regulation of Extractive Mining Operations	1 644	1 605
Other income	1 527	520
Total other income	4 954	4 081

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

2.9. Recoveries

	2023	2022
	\$'000	\$'000
Other	1 609	1 688
Emergency generation	1 422	1 226
Total recoveries	3 031	2 914

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

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

	2023	2022
	\$'000	\$'000
<u>Plant and equipment and other non-current assets</u>		
Net proceeds from disposal	285	14
Less net book value of assets disposed	(335)	(9)
Total (loss) / gain from the disposal of non-current assets	(50)	5

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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 five 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.

	2023	2022
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	1 634	1 583
Post-employment benefits	250	229
Total compensation	1 884	1 812

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 2023

3.2. Committee members

Members during the 2023 financial year were:

Minerals and Energy Advisory Council #

P Carr (Chair) (expired December 2022)
 D Maxwell ^ (expired December 2022)
 B Barnes (expired December 2022)
 K Hulmes ^ (expired December 2022)
 K Keates (expired December 2022)
 K Reznikov (expired December 2022)
 J Brunton (expired December 2022)
 I Grant (expired December 2022)
 H Kim (expired December 2022)
 K Salisbury (expired December 2022)
 S Masters ^ (expired December 2022)
 S Thuraingham (expired December 2022)
 C Stevens (expired December 2022)
 D Swift (expired December 2022)
 S Emms (expired December 2022)

Audit and Risk Committee

K Presser (Chair – appointed May 2023)
 T Brumfield* (appointed May 2023)
 J Chapman (appointed May 2023)
 J Cirson* (appointed May 2023)
 S Moules* (appointed May 2023)

Risk and Performance Committee Δ

C Dunsford (Chair) (expired December 2022)
 S Adlaf* (expired December 2022)
 P Chau* (expired December 2022)
 J Cirson* (expired December 2022)
 D Contala (expired December 2022)
 R Hindmarsh* (expired December 2022)

Power Line Environment Committee

S Murray (Chair – appointed May 2023)
 K Steinle (expired March 2023)
 A Burnell* (resigned May 2023)
 C Donovan
 C Dunn (appointed July 2022)
 A Stanford* (appointed December 2022)
 T Xavier* (appointed August 2022)
 M Lee (resigned March 2023)
 P Khoury (expired March 2023)
 K Galpin

* In accordance with Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during the financial year.

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

The tenure of all existing members of the Minerals and Energy Advisory Council expired in December 2022 and a decision was made to suspend meetings in its current format to explore other forum options.

Δ The Risk and Performance Committee was shared with the Department for Trade and Investment (DTI) and the Department for Industry, Innovation and Science (DIIS). The Committee was remunerated by DIIS and costs were recovered through a service level agreement (refer note 4.2). The Committee was disbanded in December 2022 and replaced with the Audit and Risk Committee.

The Audit and Risk Committee is shared with the Office of Hydrogen Power South Australia. The committee is remunerated by the department and costs are recovered through a service level agreement with the Office of Hydrogen Power South Australia.

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).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2 Committee members (continued)

Committee remuneration

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

	2023	2022
\$0 - \$19 999	34	30
Total number of members	34	30

The total remuneration received or receivable by members was \$16 000 (2022: \$7 000). Of the 34 members, seven were remunerated (2022: 7). 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.

3.3. Employee benefits expenses

	Note	2023	2022
		\$'000	\$'000
Salaries and wages		31 390	33 443
Employment on-costs – superannuation		3 925	3 888
Annual leave		2 861	3 053
Employment on-costs – other		1 989	2 011
Targeted voluntary separation packages		1 469	-
Long service leave		761	28
Skills and experience retention leave		212	206
Workers' compensation		88	(691)
Committee fees - excluding on-costs	3.2	15	6
Total employee benefits expenses		42 710	41 944

Departmental employees are employed under Part 7 of the *Public Sector Act*.

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3 Employee benefits expenses (continued)

Employee remuneration

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

	2023	2022
	Number	Number
\$157 001 to \$160 000*	n/a	1
\$160 001 to \$180 000	6	9
\$180 001 to \$200 000	4	6
\$200 001 to \$220 000	5	8
\$220 001 to \$240 000	5	4
\$240 001 to \$260 000	1	1
\$260 001 to \$280 000 ^	3	2
\$280 001 to \$300 000	4	2
\$300 001 to \$320 000 ^	1	-
\$340 001 to \$360 000	1	-
\$360 001 to \$380 000	-	1
\$380 001 to \$400 000	-	1
\$400 001 to \$420 000	1	-
\$420 001 to \$440 000	-	1
Total	31	36

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

^ This band includes employees that have received termination payments in 2022-23.

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.

The total remuneration received by those employees for the year was \$7.2 million (2022: \$8.0 million).

Targeted voluntary separation packages (TVSPs)

There were 15 TVSPs during the reporting period (2022: nil).

Workforce Rejuvenation Scheme

No employees received a Rejuvenation Payment during the reporting period (2022: 9).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	1 484	-
Leave paid to separated employees	686	227
Workforce Rejuvenation Scheme payments	-	388
Recovery from the Department of Treasury and Finance	(1 484)	-
Net cost to the department	686	615

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Annual leave	3 194	3 385
Long service leave	339	411
Skills and experience retention leave	259	282
Accrued salaries and wages	10	89
Total current employee benefits	3 802	4 167
<u>Non-current</u>		
Long service leave	7 831	8 336
Total non-current employee benefits	7 831	8 336
Total employee benefits liability	11 633	12 503

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Non-current employee benefits are measured at present value and current 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 salary inflation rate for annual leave and skills, experience and retention leave liability has increased from 1.5% (2022) to 2.0% (2023).

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 2022 (3.5%) to 2023 (4%)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4 Employee benefits liability (continued)

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.

Following the actuarial assessment performed by the Department of Treasury and Finance, the salary inflation rate has increased from 2022 (2.5%) to 2023 (3.5%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.2 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.

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 2023

4 Expenses

4.1. Grants and subsidies

	2023	2022
	\$'000	\$'000
Office of Hydrogen Power South Australia	12 024	113
Jobs and Economic Growth Fund Projects	10 916	5 132
Remote Area Energy Supply Scheme	7 413	4 476
Grid Scale Storage Fund	5 230	4 000
Home Battery Scheme	4 623	10 035
Other grants and subsidies	4 161	3 979
Port Pirie Transformation	3 000	-
Australian Energy Market Commission	2 919	2 367
Demand Management	854	2 110
Renewable Technology Fund	517	1 284
Energy Productivity Program	42	259
Bird Lake	-	35
Total grants and subsidies	51 699	33 790

4.2. Supplies and services

	2023	2022
	\$'000	\$'000
Contractors ^(a)	8 233	8 478
Energy supply fuel and lubricants	7 931	8 334
Emergency generation and storage ^(b)	4 433	5 363
Office administration expenses	3 648	1 857
Accommodation	3 609	3 301
Service level agreements ^(c)	3 250	3 436
Consultants	2 346	1 111
Information technology and communication charges ^(d)	1 719	1 600
Travel and related expenses	1 322	791
Staff related expenses	1 103	911
Remote areas energy supplies plant and equipment	662	607
Service recoveries	562	475
Marketing	428	943
Accounting and audit fees ^(e)	146	158
Total supplies and services	39 392	37 365

(a) Contractors include major service contract payments to Cowell Electricity Supply Pty Ltd to manage electricity infrastructure in the Remote Areas Energy Supply communities.

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

(c) Service level agreements largely represents payments made to the Department for Industry, Innovation and Science (DIIS) and the Department of Primary Industries and Regions South Australia (PIRSA) for the provision of corporate support and information communication technology support under service level agreements.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4.2 Supplies and services (continued)

- (d) Resources provided free of charge by the Department of the Premier and Cabinet ICT and Digital Government unit were \$0.1 million (2022: \$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 (2022: \$0.1 million). No other services were provided by the Auditor-General's Department.

Accommodation

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

4.3. Other expenses

	2023	2022
	\$'000	\$'000
Donated current assets	1 635	1 095
Department for Environment and Water levy	856	834
Shared Services fee	389	369
Other expenses	50	339
Bad and doubtful debts	17	(140)
Donated plant and equipment	16	-
Accommodation incentive amortisation	(27)	(27)
Total other expenses	2 936	2 470

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. This relates to transfers predominantly to the Country Fire Service, South Australia Police Department and South Australian Housing Authority.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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 includes \$4.1 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 2023

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 2022-23:

	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 2022	10 437	27 994	7 208	70	8 947	376	55 032
Additions	1 473	1	-	-	2 340	262	4 076
Capitalisation	10 570	-	-	-	(10 570)	-	-
Disposals	(335)	-	-	-	-	-	(335)
Donated assets	-	-	-	(16)	-	-	(16)
Depreciation	(1 242)	(949)	-	-	-	(223)	(2 414)
Carrying amount as at 30 June 2023	20 903	27 046	7 208	54	717	415	56 343
Gross carrying amount							
Gross carrying amount	31 082	30 191	7 208	54	717	728	69 980
Accumulated depreciation	(10 179)	(3 145)	-	-	-	(313)	(13 637)
Carrying amount as at 30 June 2023	20 903	27 046	7 208	54	717	415	56 343

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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 2023, the department has 46 motor vehicle leases with the South Australian Government Financing Authority. 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 2023

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 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 2022-23:

	Intangibles		
	Intangibles software	work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2022	793	2 789	3 582
Additions	-	4 265	4 265
Amortisation	(401)	-	(401)
Carrying amount as at 30 June 2023	392	7 054	7 446
Gross carrying amount			
Gross carrying amount	5 075	7 054	12 129
Accumulated amortisation	(4 683)	-	(4 683)
Carrying amount as at 30 June 2023	392	7 054	7 446

The following table shows the movement of intangible assets during 2021-22:

	Intangibles		
	Intangibles software	work in progress	Total
	\$'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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	52 051	125 095
Deposits with the Treasurer – Accrual Appropriation	3 658	7 861
Total cash and cash equivalents	55 709	132 956

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

	2023	2022
<u>Current</u>	\$'000	\$'000
Trade receivables		
From non-government entities	2 501	2 357
From government entities	371	909
Allowance for doubtful debts	(170)	(200)
Total trade receivables	2 702	3 066
GST input tax recoverable	1 252	698
Prepayments	451	528
Accrued revenue	543	687
Other receivables	18	23
Loans granted	-	1 801
Accrued interest	-	76
Total other current receivables	2 264	3 813
Total current receivables	4 966	6 879
 <u>Non-current</u>		
Loans granted	-	14 496
Total non-current receivables	-	14 496
 Total receivables	4 966	21 375

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.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.2. Receivables (continued)

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

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.

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
Carrying amount as at 1 July 2022	(200)	(340)
Decrease in the allowance	30	140
Carrying amount as at 30 June 2023	(170)	(200)

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

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

The difference between the fair value of the loan on initial recognition and the transaction price is recognised as an asset on the Statement of Financial Position and amortised over the life of the loan.

The decrease in current and non-current loans granted is due to early payout of the Virtual Power Plant concessional loan (\$16.3 million).

Financial Instruments

Financial instrument receivables, at amortised cost, are \$1.0 million (2022: \$18.4 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 \$3.5 million (2022: \$2.5 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 2023

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Creditors and accrued expenses	8 639	6 687
Employment on-costs	819	906
Total current payables	9 458	7 593
<u>Non-current</u>		
Employment on-costs	780	802
Total non-current payables	780	802
Total payables	10 238	8 395

Payables and accruals are recognised 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 2023.

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. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased from the 2022 rate of 42% to 43%. The average factor for the calculation of employer superannuation on-costs has increased from the 2022 rate of 10.6% to 11.1%. These rates are used in the employment on-cost calculation. The impact on 2023 is \$0.1 million and cannot be reliably estimated for future years.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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:

	2023	2022
Financial Liabilities	\$'000	\$'000
1 to 3 years	386	334
3 to 5 years	50	52
Total financial liabilities (undiscounted)	436	386

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or the Department of Treasury and Finance'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 \$8 000 (2022: \$4 000)

7.3. Provisions

All provisions relate to workers compensation.

	2023	2022
Reconciliation of workers compensation (statutory and non-statutory)	\$'000	\$'000
Carrying amount as at 1 July	3 003	3 836
Increase (decrease) in provisions recognised	55	(744)
Reductions resulting from payments	(64)	(89)
Carrying amount as at 30 June	2 994	3 003

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 2023 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 2023

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. Security deposits held total \$24.3 million (2022: \$28.4 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

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Contract liabilities	1 793	3 861
Other	245	-
Accommodation incentive	27	27
Total current other liabilities	2 065	3 888
<u>Non-current</u>		
Accommodation incentive	71	98
Total non-current other liabilities	71	98
Total other liabilities	2 136	3 986

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

	2023	2022
	\$'000	\$'000
Other liabilities		
1 to 3 years	2 136	3 986
Total other liabilities (undiscounted)	2 136	3 986

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

Accommodation incentive liabilities relate to arrangements with the Department for Infrastructure and Transport (DIT) for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities under AASB 16 *Leases*. 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 2023

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

	2023	2022
	\$'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	55 709	132 956
Balance as per the Statement of Cash Flows	55 709	132 956

Reconciliation of net cash provided by operating activities to net cost of providing services

Net cash (used in) / provided by operating activities	(69 373)	56 435
---	----------	--------

Add / (less) non-cash items

Depreciation and amortisation expense of non-current assets	(2 815)	(2 946)
Concessional lending discount income	1 482	390
Amortisation of lease incentive	27	27
Asset derecognition	-	(1)
Bad and doubtful debts expense	(17)	140
Resources received free of charge	507	538
Resources provided free of charge	(507)	(538)
Donated assets	(1 651)	(1 095)
(Loss) / gain from the disposal of non-current assets	(50)	5

Net cash (used in) / provided by operating activities before change in assets and liabilities

(72 397) 52 955

Movement in assets and liabilities

(Decrease) in receivables	(17 872)	(44 042)
(Increase) / decrease in payables	(1 710)	5 129
Decrease in other liabilities	1 837	1 805
Decrease in provisions	9	833
Decrease / (increase) in security deposits	4 180	(9 530)
Decrease in employee benefits	645	1 824
(Increase) / decrease in financial liabilities	(6)	17
Net Result	(85 314)	8 991

Total cash outflows for leases were \$0.2 million (2022: \$0.3 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9. Outlook

9.1. Unrecognised commitments

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

Contractual commitments to acquire property, plant and equipment

	2023	2022
	\$'000	\$'000
Within one year	4 832	2 060
Later than one year but not later than five years	960	-
Total capital commitments	5 792	2 060

The department's capital commitments are primarily related to Mining and Exploration Regulation System (\$5.6 million).

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	47 216	53 746
Later than one year but not later than five years	57 578	76 593
Later than five years	145	2 303
Total expenditure commitments	104 939	132 642

The department's expenditure commitments are primarily for agreements for:

- South Australian Grid-Connected Battery Facility (\$19 million),
- Remote Area Energy Supply independent operator subsidies (\$12.4 million),
- Management of electricity infrastructure in the remote area energy supply communities (\$11.4 million),
- South Australia's funding commitment to the Australian Energy Market Commission (\$11.4 million),
- Demonstration of technology from an expanded Hornsdale Power Reserve (\$8.5 million),
- South Australia's Electric Vehicle Public Charging Network (\$6.9 million), and
- Memoranda of administrative arrangements with the Department for Infrastructure and Transport for accommodation (\$9.6 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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 2023 is approximately \$283 million (2022: approximately \$282 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 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.

9.3. Impact of standards and statements not yet effective

The department has assessed the impact of new and amended Australian Accounting Standards and Interpretations not yet implemented and does not expect these to have a material impact on the department's statements.

9.4. 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 2023

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 six 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 amount 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 2023 and 30 June 2022 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 2023

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 evidence 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 2023

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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.

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 and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2. Financial instruments (continued)

Categorisation of financial instruments

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

Classification of financial instruments

The department measures all financial instruments at amortised cost.

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:

	2023	2022
	\$'000	\$'000
<u>Income</u>		
Royalties	3 780	3 968
Total income	3 780	3 968

<u>Expenses</u>		
Extractive Industries contribution	1 644	1 605
Rehabilitation costs	22	58
Other expenses	137	-
Total expenses	1 803	1 663
Net result	1 977	2 305
Total comprehensive result	1 977	2 305

	2023	2022
	\$'000	\$'000
<u>Current assets</u>		
Cash	35 826	33 849
Total assets	35 826	33 849
Net assets	35 826	33 849

<u>Equity</u>		
Net receipts	1 977	2 305
Retained earnings	33 849	31 544
Fund balance at the end of the period	35 826	33 849