

DEPARTMENT FOR  
ENERGY AND MINING

# ANNUAL REPORT 2019–20



Government  
of South Australia

Department for  
Energy and Mining



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of South Australia**

# DEPARTMENT FOR ENERGY AND MINING

## **2019–20 Annual Report**

DEPARTMENT FOR ENERGY AND MINING

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

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

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

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

Dr Paul Heithersay PSM

Chief Executive

Date 30 September 2020

Signature



## From the Chief Executive



The second year of the new Department for Energy and Mining has been challenging as our sectors faced local bushfires, a worldwide pandemic, an oil price slump and a global economic slowdown. The past 12 months have been rewarding too, not just in the resilience displayed to address these challenges but also the agency's capacity to continue to develop and implement innovative policies and initiatives across the energy and resources sector.

Throughout the year, the agency has risen to the occasion to deliver important projects for the people of South Australia.

The agency has led the roll out of the Accelerated Discovery Initiative to support collaborative exploration programs, partnered with Uearthed for ExploreSA: The Gawler Challenge, an international open source competition to analyse the state's vast store of geoscientific data, and attracted a Core Innovation Hub to establish a presence at Lot Fourteen and Tonsley Innovation Precinct. The agency has progressed South Australia's Hydrogen Action Plan and continued to manage the Home Battery Scheme, South Australia's Virtual Power Plant and Grid Scale Storage Fund.

Both the Olympic Dam and Carrapateena copper–gold mine expansions are making their way through assessment or evaluation phases and the Jacinth-Ambrosia heavy mineral sands mine has expanded within the Eucla Basin. *PACE* Gas has also unlocked new supplies of natural gas and has supported a renaissance in the Otway Basin. South Australia's Energy Solution tackles the challenges created by the state having almost four gigawatts of power generated by renewable sources including broad penetration of distributed energy resources such as solar photovoltaics. The past year has also set a foundation for developing South Australia's Electric Vehicle Action Plan. The continued success of all of these programs and initiatives will be fundamental in contributing to the sought after post-COVID-19 economic recovery in the year ahead.

The agency has sought to create a culture that can enable us to achieve the strategic vision of becoming the best government department in Australia. Through workshops and toolkits, the agency has embedded high performance behaviours into our day-to-day activities.

This culture helped the agency to respond rapidly to the pandemic containment requirements, developing a strategy for working from home that allowed the agency to transfer much of its workload to an online environment. The agency has now put into operation a return to the office strategy to allow staff to return to a safe and healthy workplace that embraces the new norms for social distancing, good hygiene practices and contact tracing.

Similarly, the agency continues to adapt to the new online business environment by shifting some of its application assessment processes to web-based applications. The agency has also expanded its social media platforms to improve its ability to inform the public and industry stakeholders in a timely and responsive manner. This included the introduction of a Chief Executive Update to industry to provide timely information about COVID-19 directions that affected both energy and mining businesses, their employees and suppliers. The agency has also updated its complaints handling and feedback and disclosure policies to ensure we remain responsive to the South Australian community's expectations of high levels of transparency.

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

Dr Paul Heithersay

**Chief Executive**

Department for Energy and Mining

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## Overview: about the agency

### Our strategic focus



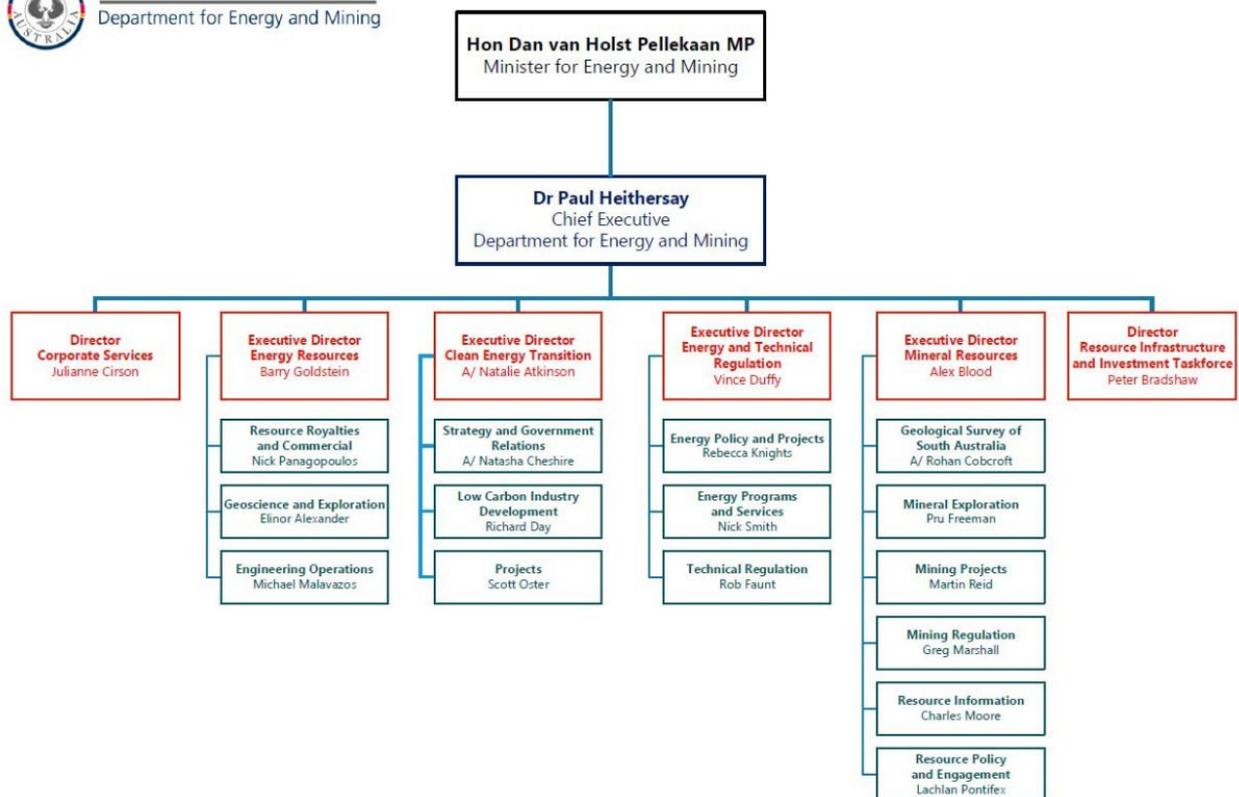
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<b>Our Purpose</b>	We exist to deliver cleaner and more affordable, reliable and secure energy supplies in a transitioning national energy market, and to unlock responsibly the value and opportunities offered by South Australia’s mineral and energy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

## Our organisational structure



Government of South Australia  
Department for Energy and Mining



## Changes to the agency

During 2019–20, there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

## Our Minister



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

Minister van Holst Pellekaan was elected to Parliament as the Member for Stuart in 2010. He was promoted to the Shadow Cabinet in 2011 and has held the Energy and Mining portfolio since June 2014. After his re-election

at the 2018 State Election, he was sworn in as Minister for Energy and Mining in the Marshall Liberal Government.

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

Minister van Holst Pellekaan's electorate of Stuart extends from Kapunda at its southern end, north to the Northern Territory border and east to the Queensland and New South Wales borders. It encompasses the Mid North agricultural region, all of the Flinders Ranges, the vast pastoral region of the Far North and the Cooper Basin oil and gas fields. The regional city of Port Augusta within the Upper Spencer Gulf is the electorate's main population centre.

During his second year as Minister for Energy and Mining, he has shaped South Australia into a global leader in energy storage and encouraged the orderly expansion of renewable energy generation as part of an objective to transition the state into a net exporter of renewable energy. This transition will enable the state to progress toward the aim of being a 100 per cent net generator of renewable energy by the 2030s and providing consumers with more choice and control over their energy use. Energy and mining have been identified as one of nine priority sectors to support Growth State – Our Plan for prosperity with South Australia expanding its production of key commodities such as copper to supply growing global demand.

## 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, Dr Heithersay spent more than 20 years in the resources industry in Australia, Southeast Asia and China. In 2013, Dr Heithersay 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.



**Natalie Atkinson**, Acting Executive Director, Clean Energy Transition, is responsible for major clean energy project delivery and the development of low carbon industries, providing opportunities to new and existing suppliers and supporting the creation of new and sustainable jobs in the state. Key initiatives include the Home Battery Scheme, Grid Scale Storage Fund, South Australia's Virtual Power Plant, Renewable Technology Fund and development of Hydrogen and Electric Vehicle Action Plans.



**Alexandra Blood**, Executive Director, Mineral Resources, is responsible for the provision of geoscientific data and information to support investment in mineral exploration, and for the administration and regulation of mining and mineral exploration. Alex's team develops policies to build on the state's reputation for innovation in exploration and collaboration, epitomised by the Accelerated Discovery Initiative, the South Australian Resources Information Gateway (SARIG), the South Australia Drill Core Reference Library, Stronger Partners, Stronger Futures, ExploreSA: The Gawler Challenge and Core Innovation Hub.



**Peter Bradshaw**, Director, Resources Infrastructure and Investment Task Force, is responsible for facilitating some of the state's most significant transformation projects. These include Nyrstar's Port Pirie transformation, BHP's proposed Olympic Dam expansion, the Steel Task Force and longer term strategic and transformative projects such as the transition of the Mintabie and Leigh Creek townships.



**Julianne Cirson**, Director, Corporate Services, is responsible for the oversight of organisational governance, managing the transition from Service Level Agreements, modernising service delivery in response to budget savings tasks, developing and embedding the High Performing Behaviours Framework, and reviewing and implementing systems and processes to improve efficiencies.



**Vince Duffy**, Executive Director, Energy and Technical Regulation, is 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.



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

## **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*

*Offshore Petroleum and Greenhouse Gas Storage Act 2006*

*Opal Mining Act 1995*

*Petroleum (Submerged Lands) Act 1982*

*Petroleum and Geothermal Energy Act 2000*

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

*Roxby Downs Indenture Ratification Act 1982*

*Stony Point (Liquids Project) Ratification Act 1981*

*Whyalla Steelworks Act 1958*

## The agency's performance

### Performance at a glance

In 2019–20, the Department for Energy and Mining designed and implemented the Accelerated Discovery Initiative, partnered with Unearthed to create ExploreSA: The Gawler Challenge, released South Australia's Hydrogen Action Plan and facilitated the rollout of funding support from the Grid Scale Storage Fund and Demand Management Trials.

The agency continued to implement and expand the Home Battery Scheme to support the installation of battery storage systems on thousands of South Australian households as well as facilitating early works on Project EnergyConnect, the proposed New South Wales – South Australian interconnector.

The agency supported South Australia's engagement in the former COAG (Council of Australian Governments) Energy Council, and contributed to the development and implementation of Australia's National Hydrogen Strategy. The state remains the lead legislator for reforms to the National Electricity Law.

Electricity prices in South Australia fell in the 12 months to 30 June 2020. The Essential Services Commission of South Australia reported a fall in market offer prices equivalent to an average annual bill reduction of \$96 for a residential customer and \$153 for a small business customer.

The Steel Task Force continued to facilitate the Whyalla Steelwork's transformation, and the Resources Investment and Infrastructure Task Force led the government's industry interaction on the Port Pirie Transformation and Olympic Dam Expansion project.

*PACE* Gas contributed to a 272-petajoule increase in supplies of natural gas that companies must first offer to South Australian customers, and supported the renaissance of the Otway Basin through new production and processing facilities.

The agency continues to establish practices to drive efficiencies within its divisions that improve engagement and responsiveness to our stakeholders.

## Agency contribution to whole of government objectives

Key objective	Agency's contribution
More jobs	Grow future industries and jobs by fostering the expansion of value chain industries and professions that support the mineral, extractive materials, petroleum, energy and renewable resources sectors.
Lower costs	Enable access to lower energy costs for businesses and households by facilitating clean, secure, reliable, safe and a more competitive energy network.
Better services	Deliver effective, efficient and transparent regulation of the mineral resources, extractive materials, energy resources, energy market sector and the electrical, plumbing and gas-fitting professions.

## Agency-specific objectives and performance

Agency objectives	Indicators	Performance
<b>Deliver effective, efficient and transparent regulation of the mineral resources, energy resources, energy market sectors and the electrical, plumbing and gas-fitting professions.</b>	Continue to transition to digital online regulation and compliance to support business through streamlined government processes.	<p>Implemented an online program for environment protection and rehabilitation (PEPR) and mining operation plan (MOP) fee calculator and online submissions process using the iPay platform.</p> <p>Expanded electronic direct mail system to provide industry with updates on COVID-19 directions affecting their businesses.</p> <p>Successful passage of Mining Act Amendment Bill through Parliament and preparations for the development of subsequent regulations and commencement of next phase of delivery of improvements.</p> <p>Commenced development and implementation of LEAN training program to reduce red tape across the agency including implementing of recommendations from the Mineral</p>

Agency objectives	Indicators	Performance
		Tenements Renewal Process LEAN review by 30 June 2020.
	Oversee effective regulation and compliance of the electrical, plumbing and gas-fitting professions.	Developed industry training and support tools with the release of online detailed Electronic Certificate of Compliance user guides.
	Provide proactive, responsive and leading resources and energy policy.	Ongoing support is being provided to deliver the former COAG strategic reform agenda for resources including leading the development of a South Australian Government submission to the Productivity Commission's inquiry into resource sector regulation, contributing to the South Australian Government's submission to the review of the Commonwealth <i>Environment Protection and Biodiversity Conservation Act 1999</i> as well as the South Australia Productivity Commission Review into the Extractives Industry Supply Chain.
	Ensure effective royalty collection to support the Royalties for the Regions program	Audited 98 per cent of the state's royalty revenue, comprehensively auditing the returns of 25 royalty payers and recovered \$2.6 million in unpaid royalty revenue.
	Provide one window to government co-regulation.	Maintained relationships with state and commonwealth co-regulators by effectively engaging with the Commonwealth (Department of Agriculture, Water and the Environment and the Department of Industry, Science, Energy and Resources), through six monthly environmental consultative committee meetings, where the state's uranium miners (including the Olympic Dam, Beverley-Four Mile and Honeymoon operations) present on their compliance performance and future plans.

Agency objectives	Indicators	Performance
		Continued to collaborate with other state co-regulators, Environment Protection Authority, Department for Environment and Water and SafeWork SA in the assessment of new project applications.
<b>Enable access to lower energy costs for businesses and households by facilitating a clean, secure, reliable, safe and more competitive energy network</b>	Continue to support the early delivery of projects to enable high-voltage interconnection between South Australia and New South Wales as part of the National Electricity Market.	Continued to support ElectraNet and TransGrid to progress Project EnergyConnect through South Australia's major project and New South Wales's state significant infrastructure assessment processes after the Australian Energy Regulator approved the Regulatory Investment Test for Transmission in January 2020.
	Empower consumers through expanded demand management options and better integration of distributed energy resources.	Funded nine private sector projects aimed at advancing the use of demand response and distributed energy resources through the Demand Management Trials Program.
	Support National Electricity Market reforms to aid in an orderly and cost-effective transition to a low emissions future.	Developed South Australia's Energy Solution to secure the state's transition to affordable renewable energy in response to power system modelling commissioned from the Australian Energy Market Operator into emerging trends in the grid.  Demand Response Mechanism Rule change initiated by South Australia implemented by Australian Energy Market Commission.
	Develop and implement initiatives to accelerate grid-scale and residential energy storage.	Continued to roll out the Home Battery Scheme, supporting the installation of home battery systems on thousands of South Australian households through state government subsidies and a Clean Energy Finance Corporation investment to provide low interest loans.

Agency objectives	Indicators	Performance
		<p>Supported Tesla to continue to deliver the trial phases of South Australia's Virtual Power Plant involving installation of home energy systems – each comprising a solar photovoltaic, Tesla Powerwall battery and a smart meter – now on 1,100 South Australian public housing homes.</p> <p>Allocated funding support from the Grid Scale Storage Fund, including \$15 million to expand the Hornsdale Power Reserve known as 'the big battery' in the state's Mid North for provision of grid services.</p>
	Facilitate the development of the emerging clean hydrogen industry in South Australia	<p>Launched South Australia's Hydrogen Action Plan that sets out 20 key actions across five areas to help scale-up renewable hydrogen production for export and domestic consumption, and engaged consultants to develop a hydrogen export study, modelling tool and prospectus for South Australia.</p> <p>Contributed to the development of a National Hydrogen Strategy released by the former COAG Energy Council in November 2019.</p>
	Aid in the transition in to a low emissions economy.	<p>Continued to work with stakeholders on the development of an Electric Vehicle Action Plan for release in late 2020, which aims to position South Australia as a national leader in electric vehicle uptake and smart charging capacity.</p> <p>Continued to support the Future Fuels Cooperative Research Centre to enable the decarbonisation of Australia's energy networks.</p> <p>Continued to oversee contracts, grants and loans through the Renewable Technology Fund which has supported a raft of innovative energy storage, renewable hydrogen</p>

Agency objectives	Indicators	Performance
		and bioenergy projects being developed in South Australia.
	Facilitate a stable, reliable transition to sustainable energy options.	Continued to implement the Remote Areas Energy Supply scheme. Recent events and restricted access to Aboriginal communities due to COVID have slowed implementation.
<b>Responsibly increase South Australian exports by growing mineral, energy and renewable resources production</b>	Deliver and promote exploration and precompetitive geoscience initiatives to attract new mineral exploration investment.	<p>Launched the Accelerated Discovery Initiative that awarded grants to 14 successful applicants in the first of three years of funding.</p> <p>Partnered with open innovation platform Unearthed to design and launch ExploreSA: The Gawler Challenge, a crowdsourced open data competition (2,277 global entrants) to uncover new exploration targets in the Gawler Craton using the state’s world-class geoscience datasets.</p> <p>Continued to support the MinEx Cooperative Research Centre through the Geological Survey of South Australia to carry out research to assist greenfield discoveries of minerals.</p>
	Develop and market Cooper–Eromanga and Otway Basin acreage releases to attract new petroleum exploration investment.	Announced high-bid parties for five new petroleum exploration licences with guaranteed five-year work programs valued at \$58.85 million in the Cooper and Otway basins.
	Support the continued development of the copper, magnetite and critical minerals sector.	<p>Continued cross-agency management of BHP’s Olympic Dam mining and processing operations and facilitated the assessment process for a proposed further expansion of copper production.</p> <p>Continued work with the Commonwealth Critical Minerals Facilitation Office to align the state’s</p>

Agency objectives	Indicators	Performance
		efforts to expand supply and create demand for critical minerals such as copper, graphite, cobalt and zinc.
<p><b>Grow future industries and jobs by fostering the expansion of value chain industries and professions that support the mineral, energy and renewable resources sectors.</b></p>	<p>Support state significant economic transformations.</p>	<p>Collaborated with the Department of Treasury and Finance to finalise the state government guarantee for the Port Pirie Transformation financing arrangement after payment in full ahead of schedule.</p> <p>Continued to work with GFG on its \$2 billion plan to transform the Whyalla Steelworks into a state of the art green steel manufacturing facility, including facilitation of approvals for its first step rolling mill worth \$600 million.</p> <p>Achieved the transition of the former Mintabie township in South Australia’s Far North from government control to the landowners, the Anangu Pitjantjatjara Yankunytjatjara.</p> <p>Endorsed the Crown sponsorship for the proposed Port Augusta Operations multi-user export facility at the former Flinders Power Station site.</p>
	<p>Connect South Australian innovators with the resources and energy sector to support the growth of the mining equipment, technology and services (METS) sector and small businesses.</p>	<p>Partnered with CORE Innovation Hub to set up offices at Lot Fourteen and Tonsley Innovation Precinct to bring together innovators, METS companies, start-ups, scale-ups and researchers to support innovation and new data and technology skills acquisition with the energy and resources industries.</p>
	<p>Attract South Australia’s most talented minds towards careers in mining and</p>	<p>Partnered with the Playford Trust to offer annually 10 scholarships to the value of \$10,000 over two years for students enrolling in mining and</p>

Agency objectives	Indicators	Performance
	petroleum through support for skills development.	petroleum engineering degrees at the University of Adelaide.
	Enhance opportunities for local and Aboriginal participation within industry and engagement activities.	Launched the agency's Reconciliation Action Plan as a framework to deliver practical support for social change and economic opportunities for Aboriginal peoples in South Australia.

## Corporate performance summary

The vision of the Department for Energy and Mining is to become the best government department in Australia and the focus for the second year was to build on the foundation established through the adoption of an Enablers and High Performing Behaviours Framework.

COVID-19 challenged the operations of the agency but the culture and behaviours embedded within the first year enabled adaption. With a focus on creating a safe working environment, a Working from Home Strategy was implemented in March 2020, leveraging online tools to maintain business continuity and service delivery.

Following South Australia's success in containing the spread of COVID-19, a Returning to the Office Strategy was implemented in June enabling staff to continue working flexibly between home and office. The work underway on digital transformation provided a framework to transfer to web-based programs to ensure stakeholders could safely access the same level of service standards. Stakeholder engagement was transitioned to virtual forums and existing systems and processes were reformed to make better use of innovative tools for online processing.

A robust governance framework was implemented incorporating strategic, legal and ethical obligations to maintain effective governance, monitor performance, provide transparency and support decision-making.

From an operational perspective, key achievements included the creation of a Reconciliation Action Plan, adopting revised business processes for handling correspondence and freedom of information requests, and implementing improved records management and complaints management systems. Also, the agency's social media presence was expanded to provide more timely information to the community and industry stakeholders.

## Employment opportunity programs

Program name	Performance
Aboriginal Traineeship Program	The agency participates in the whole-of-government Aboriginal Traineeship Program facilitated by the Office of the Commissioner for Public Sector Employment. The agency also hosted an Aboriginal trainee in the Energy and Technical Regulation Division.
University placements and undergraduate students	The agency hosts students (school and university) for their placement component of their course – primarily in the fields of engineering, geology and economics.

## Agency performance management and development systems

Performance management and development system	Performance
A performance management and development framework exists within the agency to support employees and leaders to create performance development plans (PDP) and have regular performance conversations. All PDP discussions are recorded in this system and at appropriate periods reporting is undertaken on completion rates.	<p>Staff participate in two formal performance management and development plan conversations each year.</p> <p>An improved performance management and development framework was launched in November 2019 to streamline the process and increase engagement.</p> <p>Adoption rates for the new online system were initially slow, with a 15.08 per cent completion rate of formal performance management and development review conversations between 1 July 2019 and 31 December 2019.</p> <p>A focus on education and communication resulted in a significantly improved result of 76.2 per cent for the six months between 1 January 2020 and 30 June 2020.</p>

## Work health, safety and return to work programs

Program name	Performance
WHS Audit (AVS)	<p>Deloitte Pty Ltd conducted an external audit of the Work Health and Injury Management System to evaluate the implementation of work health and safety (WHS) controls and to provide insight into the operation and effectiveness of the agency's WHS management system.</p> <p>The aim for public sector agencies is to achieve a rating of 'Proactive' for all domains with 'Safety Leader' being the highest level of maturity.</p> <p>The agency achieved the 'Proactive' level of maturity rating for three out of four domains – Safety and Leadership, Wellbeing and Engagement, and Risk Management. The Performance Measurement domain evaluated at the 'Reactive' level of maturity.</p> <p>The finalisation of a WHS Injury Management Strategic Plan will support the agency achieving 'Proactive' level of maturity for all four domains.</p>
Mental Health First Aid	<p>Thirteen staff participated in accredited two-day mental health first aid training. The aim is to increase mental health awareness and support a mentally healthy culture and meet the requirements under the South Australian Modern Public Sector Enterprise Agreement (MHFA): Salaried 2017.</p>
Flu Vaccination Program	<p>The Flu Vaccination Program, part of the agency's Wellbeing Program, was offered through a voucher system due to COVID-19. The uptake of flu vaccination has progressively increased over the last two years, with 185 staff participating this year.</p>

<b>Workplace injury claims</b>	<b>2019–20</b>	<b>2018–19</b>	<b>% change (+/-)</b>
Total new workplace injury claims	1	2	-50
Fatalities	0	0	0
Seriously injured workers*	0	0	0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1,000 FTE)	3.30	6.60	-50

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

<b>Work health and safety regulations</b>	<b>2019–20</b>	<b>2018–19</b>	<b>% change (+/-)</b>
Number of notifiable incidents ( <i>Work Health and Safety Act 2012</i> (Part 3))	0	0	0
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012</i> (ss 90, 191 and 195))	0	0	0

<b>Return to work costs*</b>	<b>2019–20</b>	<b>2018–19</b>	<b>% change (+/-)</b>
Total gross workers compensation expenditure (\$)	68,430	135,051	-49
Income support payments – gross (\$)	58,240	73,394	-21

\* Before third party recovery.

## Executive employment in the agency

Executive classification	Number of executives
SAES1	19
SAES2	3
EXEC	1

Data for previous years is available at:

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

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

## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

Statement of comprehensive income	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Total Income	178,977	179,239	262	168,482
Total Expenses	(179,547)	(179,271)	276	(235,835)
<b>Net Result</b>	<b>(570)</b>	<b>(32)</b>	<b>538</b>	<b>(67,353)</b>
<b>Total Comprehensive Result</b>	<b>(570)</b>	<b>(32)</b>	<b>538</b>	<b>(67,353)</b>

The agency reported a \$0.5 million favourable result when compared with the 2019-20 original budget. The reduction in expenditure in 2019-20 when compared to the previous financial year primarily relates to the return of funds to Treasury and Finance in the previous year for program funding no longer required.

The major expenditure items for 2019-20 primarily relate to the State's temporary generators, energy initiative grant programs, and the Remote Areas Energy Supply Scheme. Further details on agency expenditure are disclosed in the full audited financial statements that are attached to this report.

Statement of financial position	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Current Assets	6,288	36,968	30,680	21,531
Non-current Assets	349,925	48,993	(294,932)	270,697
<b>Total Assets</b>	<b>350,213</b>	<b>85,961</b>	<b>(264,252)</b>	<b>292,228</b>
Current Liabilities	(28,178)	(35,823)	(7,645)	27,197
Non-current Liabilities	(81,612)	(14,552)	67,060	15,008
<b>Total Liabilities</b>	<b>(109,790)</b>	<b>(50,375)</b>	<b>59,415</b>	<b>42,205</b>
<b>Net Assets</b>	<b>240,423</b>	<b>35,586</b>	<b>(204,837)</b>	<b>250,023</b>
<b>Equity</b>	<b>240,423</b>	<b>35,586</b>	<b>(204,837)</b>	<b>250,023</b>

## Consultants disclosure

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

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

Consultancies	Purpose	Actual payment (\$)
All consultancies below \$10,000 each – combined	Various	27,291

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

Consultancies	Purpose	Actual payment (\$)
ACIL Allen Consulting	Energy peak demand modelling	30,000
ACIL Allen Consulting	Review of reforms to the South Australian Impact Assessment Process under the Mining Act	28,200
ACIL Allen Consulting	Provision of independent financial modelling to support a new policy proposal to assist energy concession holders with their energy bills (cost shared with Department of Human Services)	20,628
AECOM Australia Pty Ltd	Advice, strategies and recommendations to the Leigh Creek Task Force on the framework to transition Leigh Creek to a sustainable, open and self-sufficient town	294,817
BDO EconSearch	Provision of probity advice and services to support procurement and grant funding initiatives	18,783

<b>Consultancies</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
Brubrior Investments Pty Ltd	Assistance in the ongoing development of Olympic Dam, the Steel Task Force and Nyrstar Port Pirie Smelter Transformation projects	140,000
Catherine Norton	Identification of improvements in the Energy Resources Division well log verification systems	22,050
CQ Partners Pty Ltd	Energy market advisory panel to provide modelling and market analysis services across the agency	95,156
Energieia Pty Ltd	Identification of benefits of electric vehicles for South Australian consumers	30,000
Energy Efficient Strategies	Development of activity specifications and metrics for delivery under the proposed Retailer Energy Productivity Scheme	79,172
Energy Efficient Strategies	Review of SA Water heater requirements	27,964
ESCIENT Pty Ltd	Identification of current and future engagement requirements regarding legislation and regulation - Determine practices to support requirements and streamline future engagement activities	24,600
Everergi Pty Ltd	Advice on state-wide electric vehicle charging infrastructure	29,000
Fenix Performance Solutions Pty Ltd	Financing and commercial advice relating to the Nyrstar Port Pirie Smelter Transformation	21,202
George Wilkenfeld & Associates	Development of the Smart Appliances Decision Regulatory Impact Statement and evaluation of mandatory smart demand response capabilities	58,391
George Wilkenfeld & Associates	Analysis of costs and benefits of implementation in South Australia of the Smart Appliances Decision	25,655

<b>Consultancies</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
	Regulatory Impact Statement and demand response requirements	
GPA Engineering Pty Ltd	Study of the technical standards and regulations to enable the changes required to allow the injection of hydrogen into the gas network	75,000
Gus Commercial Consulting (SA) Pty Ltd	Commercial consultancy services including strategic advice, drafting of commercial documents and probity and procurement advice	12,684
Hughes Public Relations	Market and technical research on South Australia's position and potential in responsible mining and the ethical mineral supply chain, and opportunities for the state	33,825
KPMG	Support for the establishment of the Accelerated Discovery Initiative, including development of governance arrangements and a decision framework	49,240
KPMG	Review of the governance arrangements, processes and frameworks following Round One of the Accelerated Discovery Initiative	19,939
Metalzoic Geological Consulting	Detailed definition of gold domains within South Australia and the development of associated geospatial products and datasets	42,400
Paul Case	Advise the Minister on the future of the Leigh Creek Township and Mintabie review, acting as chair for subsequent committees	61,423
PricewaterhouseCoopers	Advice relating to standards for assessment of the contribution and impacts of prospective Generators.	332,698
PricewaterhouseCoopers	Financial advisory, due diligence and economic assessment services for the Steel Taskforce and Nyrstar Port Pirie projects	52,710

<b>Consultancies</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
PricewaterhouseCoopers	Provision of financial, commercial and accounting advisory service for the Whyalla Steelworks	48,243
Robert I Thomas	Strategic advice for projects including the Targeted Lead Abatement Program in Port Pirie and the Dry Creek Salt Field Closure and Redevelopment Project	166,833
University of Adelaide	Economic impact assessment of the potential contribution from South Australia's energy and mining sector to targets in the government's Growth State strategy	37,413
	Total	1,878,026

Data for previous years is available at:

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

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

## Contractors disclosure

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

### Contractors with a contract value below \$10,000

<b>Contractors</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
All contractors below \$10,000 each – combined	Various	117,113

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

<b>Contractors</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
Accipitrine Pty Ltd	Commercial advisory services to the South Australian Energy Solution	44,400
Airborne Data Acquisition Pty Ltd	Video production, including oblique imagery and 3D interpretation over Mintabie	23,695
AMC Consultants Pty Ltd	Review of documents for the Bird in Hand mining lease application, including assessment on grouting and geotechnical aspects of the proposal that all requirements have been addressed	28,676
Artis Group Pty Ltd	Maintenance and enhancements to the Petroleum Exploration and Production System (PEPS)	149,294
AssetVal	Provision of a commercial valuation of the agency's properties assets	23,950
Aurecon Australasia Pty Ltd	Provision of specialist and technical engineering support on projects including emergency generation and the battery value chain	74,844

<b>Contractors</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
AusGeos Pty Ltd	Consolidation of geophysical data for the Far North Water Allocation Plan, Transient Groundwater Model	98,430
BDO EconSearch	Preparation of a SA 2018-19 energy and mining economic data report	15,000
Converge International Pty Ltd	On-site employee counselling services	48,484
Cowell Electric Supply Pty Ltd	Remote Area Energy Supply scheme – provision of electricity generation, distribution and retail services	4,518,677
Ennovative Pty Ltd	Configuration and implementation of the Virtual Power Plant Customer Relationship Management system	24,875
FYFE Pty Ltd	Geotechnical survey at the Central Power House	29,400
GBS Consulting	Undertake the environmental assessment of mining lease applications and mining programs	12,195
Hannan Duck & Partners Pty Ltd	Information security risk assessment in support of specific projects and security advice to assist with maintaining a secure information environment	12,687
Hannan Duck & Partners Pty Ltd	Development of a Business Resilience Framework in line with the South Australian Cyber Security Framework, Business Continuity Management requirements and State Emergency Planning Arrangements	24,980
Hannan Duck & Partners Pty Ltd	Assistance with the establishment of an Enterprise Architecture	25,080

<b>Contractors</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
	practice and staff upskilling in the use of the tool	
Honjo Pty Ltd	Assistance with the Hydrogen Modelling Tool and Prospectus Project	19,665
Honjo Pty Ltd	Project management to support the emergency generators project	71,381
Human Capital International Partnership	Facilitation of workshops delivering a vision for South Australia's minerals and energy sector in 2035	19,850
HyLogging Systems Pty Ltd	Maintenance services for three HyLogger machines	44,880
JBS&G Australia Pty Ltd	Preparation of a regulatory guideline including design principles for environmental outcomes to assist tenement holders, exploration, quarrying and mining projects on government regulatory processes	26,950
KPMG	Support for the development of options for departmental change, including structural change workshop	72,941
KPMG	Hydrogen Export Study, Modelling Tool and Prospectus	22,455
Oak Valley (Maralinga) Aboriginal Corporation	Provision of electricity generation, distribution and retail services for the Remote Area Energy Supply scheme	86,830
PricewaterhouseCoopers	Provision of financial advice services to support the Demand Management Trials program	45,213
PricewaterhouseCoopers	Analysis of the Virtual Power Plant financial model	55,309
Samantha Wilkinson Human Resource Consulting	Development of high level organisational structure to deliver on DEM Strategy	19,600

<b>Contractors</b>	<b>Purpose</b>	<b>Actual payment (\$)</b>
Secure Meters (Australia) Pty Ltd	Smart Meter Services for the Remote Area Energy Supply scheme	24,300
SRA Information Technology	Development of petroleum retention and exploration licences internet summary page	16,100
SRA Information Technology	Implementation of an online portal for the submission of information under the <i>Petroleum and Geothermal Energy Act 2000</i>	20,400
SRA Information Technology	Development of a system to track and audit royalty revenue recovery	25,003
SRA Information Technology	Undertaking a feasibility study on current legacy database	30,000
SRK Consulting (Australasia) Pty Ltd	Review of the Mining Lease Application for the Bird in Hand Gold Mine, including geotechnical and environmental expertise	17,000
The Energy Project Pty Ltd	Collection and analysis of data from stakeholders and research into electric vehicle recharging needs	27,600
Thompson Organisations	Discovery, analysis and recommendations for improvement of the Minerals Division administration functions	24,000
Yalata Anangu Aboriginal Corporation	Provision of electricity generation, distribution and retail services for the Remote Area Energy Supply scheme	88,931
	<b>Total</b>	<b>5,913,075</b>

Data for previous years is available at:

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

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

The website also provides details of [Across Government Contracts.](#)

## Risk management

### Risk and audit at a glance

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

Strategic risks are those where the effect of an event or change in circumstances affects the ability to achieve its strategic direction. As part of good governance, the agency finalised the Risk Appetite Statement and reviewed and updated the Risk Assessment Matrix and Strategic Risk register.

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	Nil

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

### Strategies implemented to control and prevent fraud

The agency employs a range of risk-based strategies to control and prevent fraud. These strategies form the agency's Fraud Control Plan and include, but are not limited to, a related policy and procedure, segregation of duties, pre-employment screening and declarations of interest.

The agency undertakes regular reviews of financial and human resource delegation instruments and access controls to operating systems. Appropriate business practices are also reinforced through the Financial Management Compliance Program. The plan and related activities are overseen by the Risk and Performance Committee.

The induction process ensures that all new employees are made aware of the Code of Ethics for the South Australian Public Sector through mandatory online training.

During the COVID-19 period the agency remained cognisant of the potential for increased risk for some activities and considered this in establishing working from home protocols and arrangements.

Data for previous years is available at:

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

## Public interest disclosure

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

Nil

Data for previous years is available at:

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

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

## Reporting required under any other Act or regulation

Act	Requirement
<i>Energy Products (Safety and Efficiency) Act 2000</i>	Section 25—Annual report (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.
<i>Electricity Act 1996</i>	Section 14—Annual report (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.
<i>Gas Act 1997</i>	Section 14—Annual report (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.

<b>Act</b>	<b>Requirement</b>
<i>The Water Industry Act 2012</i>	<p>Section 13—Annual report</p> <p>(1) The Technical Regulator, within three months after the end of each financial year, must deliver to the Minister, a report on the Technical Regulator's operations during that financial year.</p>
<i>Petroleum and Geothermal Energy Act 2000</i>	<p>Section 123—Annual compliance report</p> <p>(3) Information on the authorised investigations carried out during the course of a year must be included in a report published by the agency on an annual basis. To this effect, this information is included annually in the agency's <a href="#">annual compliance report</a> tabled in Parliament by the Minister each year.</p>

### Reporting required under the *Carers' Recognition Act 2005*

Nil.

## Public complaints

### Number of public complaints reported

<b>Complaint categories</b>	<b>Subcategories</b>	<b>Example</b>	<b>Number of complaints 2019–20</b>
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	1
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	2
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/ technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0

<b>Complaint categories</b>	<b>Subcategories</b>	<b>Example</b>	<b>Number of complaints 2019–20</b>
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	7
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	3
Service quality	Information	Incorrect, incomplete, outdated or inadequate information; not fit for purpose	10
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	12
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	15
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/premises; poor cleanliness	1
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;	0

<b>Complaint categories</b>	<b>Subcategories</b>	<b>Example</b>	<b>Number of complaints 2019–20</b>
		redirected to another agency; insufficient information to investigate	
		Total	38

<b>Additional metrics</b>	<b>Total</b>
Number of positive feedback comments	1
Number of negative feedback comments	53
Total number of feedback comments	54
% complaints resolved within policy timeframes	100%

Data for previous years is available at:

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

## Service improvements

<b>Service improvements resulting from complaints or consumer suggestions over 2019–2020</b>
2

## **Appendix: Audited financial statements 2019-20**

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

**Financial Statements**

**For the year ended 30 June 2020**

**Department for Energy and Mining**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2020*

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We certify that the attached general purpose financial statements for the Department for Energy and Mining:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department for Energy and Mining as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department for Energy and Mining for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Paul Heithersay  
Chief Executive  
18 September 2020



Ben Adams  
Manager, Financial Services  
15 September 2020

**Department for Energy and Mining**  
**Statement of Comprehensive Income**  
*as at 30 June 2020*

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	Note	2020 \$'000	2019 \$'000
<b><u>Income</u></b>			
Appropriation	2.1	89 951	110 202
Intra-government transfers	2.2	48 407	22 162
Fees and charges	2.3	24 899	23 289
Sales of goods and services	2.4	4 556	5 028
Interest	2.5	957	147
Commonwealth-sourced grants and funding	2.6	866	322
Resources received free of charge	2.7	381	395
Net gain from the disposal of property, plant and equipment	2.8	2	-
Other income	2.9	9 592	6 937
<b>Total income</b>		<b>179 611</b>	<b>168 482</b>
<b><u>Expenses</u></b>			
Grants and subsidies	4.1	82 350	43 524
Supplies and services	4.2	48 397	72 295
Employee benefits expenses	3.3	40 518	42 091
Depreciation and amortisation	4.3	9 244	5 431
Net loss from the disposal of property, plant and equipment	2.8	-	98
Borrowing costs	4.4	7	-
Other expenses	4.5	1 981	2 862
Cash returned to the Department of Treasury and Finance		-	69 534
<b>Total expenses</b>		<b>182 497</b>	<b>235 835</b>
<b>Net result</b>		<b>(2 886)</b>	<b>(67 353)</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not be reclassified to net result:</b>			
Changes in property, plant and equipment asset revaluation surplus	5.2	3 226	-
<b>Total comprehensive result</b>		<b>340</b>	<b>(67 353)</b>

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

**Department for Energy and Mining**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>			
Cash	6.1	9 927	5 771
Receivables	6.2	27 339	16 383
<b>Total current assets</b>		<b>37 266</b>	<b>22 154</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5.1	47 090	268 264
Intangible assets	5.4	1 903	2 433
<b>Total non-current assets</b>		<b>48 993</b>	<b>270 697</b>
<b>Total assets</b>		<b>86 259</b>	<b>292 851</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	9 919	15 870
Employee benefits	3.4	4 870	4 751
Financial liabilities	7.2	220	-
Provisions	7.3	184	196
Other current liabilities	7.4	20 556	7 003
<b>Total current liabilities</b>		<b>35 749</b>	<b>27 820</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	953	967
Employee benefits	3.4	10 281	10 551
Financial liabilities	7.2	212	-
Provisions	7.3	3 106	3 490
<b>Total non-current liabilities</b>		<b>14 552</b>	<b>15 008</b>
<b>Total liabilities</b>		<b>50 301</b>	<b>42 828</b>
<b>Net assets</b>		<b>35 958</b>	<b>250 023</b>
<b><u>Equity</u></b>			
Retained earnings		1 754	3 380
Asset Revaluation Surplus		3 226	-
Contributed capital		30 978	246 643
<b>Total equity</b>		<b>35 958</b>	<b>250 023</b>

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

**Department for Energy and Mining**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	Retained earnings \$'000	Asset Revaluation Surplus \$'000	Contributed capital \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>	-	-	-	-
<b><u>Net result for 2018-19</u></b>	<b>(67 353)</b>	-	-	<b>(67 353)</b>
<b>Total comprehensive result 2018-19</b>	<b>(67 353)</b>	-	-	<b>(67 353)</b>
Contributed capital increases (decreases)	-	-	246 643	246 643
Net assets transferred as a result of an administrative restructure	70 733	-	-	70 733
<b>Balance at 30 June 2019</b>	<b>3 380</b>	-	<b>246 643</b>	<b>250 023</b>
Prior period adjustment	1 260	-	-	1 260
<b>Adjusted balance at 1 July 2019</b>	<b>4 640</b>	-	<b>246 643</b>	<b>251 283</b>
<b><u>Net result for 2019-20</u></b>	<b>(2 886)</b>	-	-	<b>(2 886)</b>
Gain on revaluation of property, plant and equipment	-	3 226	-	3 226
<b>Total comprehensive result 2019-20</b>	<b>(2 886)</b>	<b>3 226</b>	-	<b>340</b>
Net assets transferred by proclamation	-	-	(217 149)	(217 149)
Equity contribution received	-	-	1 484	1 484
<b>Balance at 30 June 2020</b>	<b>1 754</b>	<b>3 226</b>	<b>30 978</b>	<b>35 958</b>

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 2020*

		<b>2020</b>	<b>2019</b>
		<b>Inflows</b>	<b>Inflows</b>
		<b>(Outflows)</b>	<b>(Outflows)</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Cash flows from operating activities</u></b>			
<i>Cash inflows</i>			
Appropriation		91 435	110 202
Intra-government transfers		48 407	22 162
Fees and charges		30 190	27 892
Receipts from Commonwealth-sourced grants		878	324
Royalties		22	-
Sales of goods and services		4 619	5 028
Interest received		957	147
Net GST recovered from ATO		11 059	32 242
Receipts of security deposits		12 391	235
Net receipts from paid parental leave scheme		46	33
Other receipts		5 816	5 004
<b>Cash generated from operations</b>		<b>205 820</b>	<b>203 269</b>
<i>Cash outflows</i>			
Employee benefit payments		(41 240)	(40 791)
Payments for supplies and services		(54 114)	(102 260)
Payments of security deposits		(55)	(1 641)
Payments of grants and subsidies		(92 209)	(47 991)
Loan payments		(9 957)	(11 147)
Payments for paid parental leave scheme		(54)	(25)
Cash returned to the Department of Treasury and Finance		(1,484)	(69 534)
Other payments		(810)	(797)
<b>Cash (used in) operations</b>		<b>(199 923)</b>	<b>(274 186)</b>
<b>Net cash provided by operating activities</b>	<b>8.2</b>	<b>5 897</b>	<b>(70 917)</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash inflows</i>			
Proceeds from sale of property, plant and equipment and other assets		40	367
<b>Cash generated from investing activities</b>		<b>40</b>	<b>367</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(2 996)	(230 876)
<b>Cash (used in) investing activities</b>		<b>(2 996)</b>	<b>(230 876)</b>
<b>Net cash (used in) investing activities</b>		<b>(2 956)</b>	<b>(230 509)</b>

**Department for Energy and Mining**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

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**Cash flows from financing activities**

*Cash outflows*

Repayment of leases	(269)	-
<b>Net cash (used in) financing activities</b>	<b>(269)</b>	<b>-</b>

*Cash inflows*

Capital contributions from SA Government	1 484	246 643
Cash received from restructuring activities	-	60 554
<b>Cash generated from financing activities</b>	<b>1 484</b>	<b>307 197</b>

<b>Net cash (used in) financing activities</b>	<b>1 215</b>	<b>307 197</b>
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<b>Net increase in cash</b>	<b>4 156</b>	<b>5 771</b>
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Cash at the beginning of the period	5 771	-
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<b>Cash at the end of the period</b>	<b>9 927</b>	<b>5 771</b>
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6.1

The accompanying notes form part of these financial statements.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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# Department for Energy and Mining

## Notes to and forming part of the financial statements

### for the year ended 30 June 2020

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#### 1. About 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.

##### 1.1. Basis of preparation

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

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

For the 2019-20 financial statements, the department adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 9.

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

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

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

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

##### 1.2. Objectives and programs

The Department for Energy and Mining 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.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**Programs**

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

***Mineral Resources and Energy***

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

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

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

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

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

**Expenses and income by program**

	<b>Mineral Resources and Energy</b>		<b>Water Industry Technical and Safety Regulation</b>		<b>General / Not attributable</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>						
Appropriation	-	-	-	-	89 951	110 202
Intra-government transfers	45 427	16 750	2 790	2 651	190	2 761
Fees and charges	24 899	23 289	-	-	-	-
Sales of goods and services	4 556	5 028	-	-	-	-
Interest	957	147	-	-	-	-
Commonwealth-sourced grants and funding	866	322	-	-	-	-
Resources received free of charge	363	378	18	17	-	-
Net gain from the disposal of non-current assets	2	-	-	-	-	-
Other income	9 580	6 916	12	21	-	-
<b>Total income</b>	<b>86 650</b>	<b>52 830</b>	<b>2 820</b>	<b>2 689</b>	<b>90 141</b>	<b>112 963</b>
<b><u>Expenses</u></b>						
Grants and subsidies	82 332	43 518	18	6	-	-
Supplies and services	47 648	71 701	749	594	-	-
Employee benefits expenses	38 653	40 277	1 865	1 814	-	-
Depreciation and amortisation	8 946	5 386	298	45	-	-
Net loss from the disposal of non-current assets	-	98	-	-	-	-
Borrowing costs	6	-	1	-	-	-
Other expenses	1 959	2 844	22	18	-	-
Cash returned to the Department of Treasury and Finance	-	-	-	-	-	69 534
<b>Total expenses</b>	<b>179 544</b>	<b>163 824</b>	<b>2 953</b>	<b>2 477</b>	<b>-</b>	<b>69 534</b>
<b>Net result</b>	<b>(92 894)</b>	<b>(110 994)</b>	<b>(133)</b>	<b>212</b>	<b>90 141</b>	<b>43 429</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**1.2. Objectives and activities of the Department for Energy and Mining (continued)**

	<b>Activity Total</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>		
Appropriation	89 951	110 202
Intra-government transfers	48 407	22 162
Fees and charges	24 899	23 289
Sales of goods and services	4 556	5 028
Interest	957	147
Commonwealth-sourced grants and funding	866	322
Resources received free of charge	381	395
Net gain from the disposal of non-current assets	2	-
Other income	9 592	6 937
<b>Total income</b>	<b>179 611</b>	<b>168 482</b>
<b><u>Expenses</u></b>		
Grants and subsidies	82 350	43 524
Supplies and services	48 397	72 295
Employee benefits expenses	40 518	42 091
Depreciation and amortisation expenses	9 244	5 431
Net loss from disposal of non-current assets	-	98
Borrowing costs	7	-
Other expenses	1 981	2 862
Cash returned to the Department of Treasury and Finance	-	69 534
<b>Total expenses</b>	<b>182 497</b>	<b>235 835</b>
<b>Net result</b>	<b>(2 886)</b>	<b>(67 353)</b>

**Assets and liabilities by program**

	<b>Mineral Resources and Energy</b>		<b>Water Industry Technical and Safety Regulation</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	9 766	5 685	161	86
Receivables	26 483	15 620	856	763
Property, plant and equipment	45 572	266 042	1 518	2 222
Intangible assets	1 842	2 413	61	20
<b>Total assets</b>	<b>83 663</b>	<b>289 760</b>	<b>2 596</b>	<b>3 091</b>
<b><u>Liabilities</u></b>				
Payables	10 696	16 586	176	251
Employee benefits	14 454	14 643	697	659
Financial liabilities	425	-	7	-
Provisions	3 139	3 527	151	159
Other liabilities	20 222	6 908	334	95
<b>Total liabilities</b>	<b>48 936</b>	<b>41 664</b>	<b>1 365</b>	<b>1 164</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.2. Objectives and activities of the Department for Energy and Mining (continued)**

	<b>Activity Total</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Cash and cash equivalents	9 927	5 771
Receivables	27 339	16 383
Property, plant and equipment	47 090	268 264
Intangible assets	1 903	2 433
<b>Total assets</b>	<b>86 259</b>	<b>292 851</b>
<b>Liabilities</b>		
Payables	10 872	16 837
Employee benefits	15 151	15 302
Financial liabilities	432	-
Provisions	3 290	3 686
Other liabilities	20 556	7 003
<b>Total liabilities</b>	<b>50 301</b>	<b>42 828</b>

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

The department has maintained service delivery during the COVID-19 pandemic with only a minimal impact on the operations. The most significant financial impacts relate to delays to Remote Areas Energy Supply (RAES) projects due to restricted access to remote areas, and fee relief provided for mineral and petroleum producers. Further details on COVID-19 impacts are detailed below:

- Expenditure on Remote Areas Energy Supply (RAES) Scheme projects was impacted by delays in the delivery of smart meters for the Future Sustainability Project, followed by restricted access to remote areas. The planned capital upgrade of RAES generators and preliminary works on the Central Power House were also impacted by the restricted access to remote areas.
- The department implemented the immediate deferral of mineral exploration licence fees and annual petroleum and geothermal licence fees. These licence fees are now due on 31 December 2020. This has had an impact on receivables as at 30 June 2020 (note 6.2). In addition, there is a 12-month waiver of committed expenditure for all mineral exploration licence holders as well as an expansion of allowable expenditures towards minimum Petroleum Retention Licence requirements during a period of low oil prices.

Refer to note 10.4 for impacts in 2020-21.

**1.4. Changes to the department**

There were no changes to the department during the 2020 financial year.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**1.5. Budget performance**

The budget performance table compares the departments outcomes against budget information presented to Parliament (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Statement Note	Note	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>					
<b><u>Income</u></b>					
Appropriation	2.1		91 210	89 951	(1 259)
Intra-government transfers	2.2		54 522	48 407	(6 115)
Fees and charges	2.3		24 455	24 899	444
Sales of goods and services	2.4		4 808	4 556	(252)
Interest	2.5		-	957	957
Commonwealth-sourced grants and funding	2.6		129	866	737
Resources received free of charge	2.7		-	381	381
Net gain from the disposal of property, plant and equipment	2.8		-	2	2
Other income	2.9		3 853	9 592	5 739
<b>Total income</b>			<b>178 977</b>	<b>179 611</b>	<b>634</b>
<b><u>Expenses</u></b>					
Grants and subsidies	4.1		83 440	82 350	(1 090)
Supplies and services	4.2		54 989	48 397	(6 592)
Employee benefits expenses	3.3		37 276	40 518	3 242
Depreciation and amortisation	4.3		2 983	9 244	6 261
Borrowing costs	4.4		-	7	7
Other expenses	4.5		859	1 981	1 122
<b>Total expenses</b>			<b>179 547</b>	<b>182 497</b>	<b>2 950</b>
<b>Net result</b>			<b>(570)</b>	<b>(2 886)</b>	<b>(2 316)</b>

	Note	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
<b>Investing Expenditure Summary</b>				
Total new projects	(a)	2 403	521	(1 882)
Total existing projects	(b)	-	226	226
Total annual programs	(c)	2 064	877	(1 187)
<b>Total investing expenditure</b>		<b>4 467</b>	<b>1 624</b>	<b>(2 843)</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.5. Budget performance (continued)**

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

Investing Expenditure:

- (a) Expenditure on new projects is \$1.9 million lower than original budget due to delays in the Remote Area Energy Supply (RAES) Future Sustainability Project. These were attributable to delays in the delivery of the smart meters, followed by restricted access to remote areas due to COVID-19.
- (b) Expenditure on existing projects is \$0.2 million above original budget due to additional works necessary for the completion of the State Drill Core Reference Library.
- (c) Expenditure on annual programs is \$1.2 million lower than original budget mainly due to delays in the upgrade of RAES generators and preliminary works on the Central Power House, as a result of restricted access to remote areas due to COVID-19.

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

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

- about 90 per cent of accommodation services are supplied by the Department of Planning, Transport and Infrastructure;
- 100 per cent of lease payments relate to vehicles supplied by the South Australian Government Financing Authority (SAFA);
- service level agreement payments are to the Department for Innovation and Skills (DIS) of \$1.3 million for provision of corporate services and the Department of Primary Industries and Regions SA (PIRSA) of \$1.7 million for information technology services; and
- Emergency generators were transferred to the Treasurer on 30 June 2020 by way of proclamation, at their carrying value of \$217.1 million (refer note 5.2).

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2. Income**

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

**2.1. Appropriation**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	-	<u>110 202</u>
<b>Total appropriations</b>	<b><u>89 951</u></b>	<b><u>110 202</u></b>

Appropriations are recognised on receipt.

**2.2. Intra-government transfers**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Green Industry Fund	30 846	8 379
Industry licence fee allocation	10 745	10 372
Economic and Business Growth Fund	6 180	-
Other Intra-government transfers	<u>636</u>	<u>3 411</u>
<b>Total Intra-government transfers</b>	<b><u>48 407</u></b>	<b><u>22 162</u></b>

Intra-government transfers are recognised as income on receipt.

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

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.

Other intra-government transfers includes reimbursements from the Department of Treasury and Finance for targeted voluntary separation packages (2020: nil; 2019: \$2.761 million).

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.3. Fees and charges**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Mining and petroleum licence fees	23 395	21 982
Mining and petroleum non-licence fees	1 504	1 307
<b>Total fees and charges</b>	<b><u>24 899</u></b>	<b><u>23 289</u></b>

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

The Department for Energy and Mining is responsible for administration of licenses and other fees under the *Petroleum and Geothermal Energy Act 2000*, *Mining Act 1971*, *Mines and Works Inspection Act 1920* and *Opal Mining Act 1995*.

***Mining and petroleum licence fees***

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

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

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

***Contract balances***

	<b>30 June 2020</b>	<b>1 July 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivables from contracts with customers, included in 'Receivables'	4 530	2 283
Contract liabilities	(4 016)	(2 706)

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 revenue 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 increased due to two significant mining tenements under renewal involving complex assessment processes. These have now been resolved and it is expected that they will be finalised in 2020-21, subject to site inspection.

Revenue totalling \$0.4 million was recognised in 2019-20 that was included in contract liabilities at 1 July 2019. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.4. Sales of goods and services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales of electricity	4 556	<u>5 028</u>
<b>Total sales of goods and services</b>	<b><u>4 556</u></b>	<b><u>5 028</u></b>

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

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

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

**Contract balances**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivables from contracts with customers, included in 'Receivables'	415	1 170

There is an unconditional right to receive payment for sales of electricity when billed. No contract assets or liabilities are recognised. Receivables decreased during the period mainly due to the timing of the quarterly meter reading in May 2019 being later than usual, resulting in corresponding invoices not being due until July 2019, inflating the receivables balance at 1 July 2019.

**2.5. Interest**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest revenues	<u>957</u>	<u>147</u>
<b>Total interest revenues</b>	<b><u>957</u></b>	<b><u>147</u></b>

Interest revenues relate to a Renewable Technology Fund loan 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 2020*

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Grants</b>		
Standalone and Embedded Networks	545	-
Smart Appliances Demand Response	100	-
COAG Hydrogen	75	125
Bioenergy	60	59
National Energy Efficient Buildings	44	46
Greenhouse and Energy Minimum Standards (GEMS) Inspections	42	61
<b>Other Payments</b>		
Salary reimbursement - Energy Security Board	-	<u>31</u>
<b>Total Commonwealth grants and payments</b>	<u><b>866</b></u>	<u><b>322</b></u>

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

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

- Standalone and Embedded Networks - to support development of a legislative package to implement reforms for stand-alone power systems and embedded networks, as approved by the Senior Committee of Officials (SCO).
- Smart Appliances Demand Response - to draft a decision regulatory impact statement for certain electrical appliances sold in Australia to be demand response capable, as agreed by the Council of Australian Governments (COAG) Energy Council.
- COAG Hydrogen - to assess the regulatory changes and technical standards that would be required to allow up to 10 per cent hydrogen in the domestic gas network.
- Bioenergy - to support the development of a national data base of biomass resources.
- National Energy Efficient Buildings - to support consumers, government and industry to achieve better energy efficiency in new residential buildings, renovations and additions.
- Greenhouse and Energy Minimum Standards (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**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge - Shared Services SA	381	389
Donated assets	-	<u>6</u>
<b>Total resources received free of charge</b>	<u><b>381</b></u>	<u><b>395</b></u>

Financial reporting services were provided free of charge by Shared Services SA as the department is a non-billable client. The fair value of the services can be reliably measured and the services would have been purchased if they had not been donated.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.8. Net gain (loss) from the disposal of property, plant and equipment**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Land and buildings</u></b>		
Proceeds from disposal	-	340
Less net book value of assets disposed	-	(372)
<b>Net gain from disposal of land and buildings</b>	<b>-</b>	<b>(32)</b>
<b><u>Plant and equipment and other assets</u></b>		
Proceeds from disposal	29	27
Less net book value of assets disposed	(27)	(93)
<b>Net gain from disposal of plant and equipment and other assets</b>	<b>2</b>	<b>(66)</b>
<b><u>Total assets</u></b>		
Proceeds from disposal	29	367
Less net book value of assets disposed	(27)	(465)
<b>Total net gain (loss) from disposal of non-current and other assets</b>	<b>2</b>	<b>(98)</b>

**2.9. Other income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Recoveries	5 497	3 126
Fuel tax credits	2 434	2 440
Support for the regulation of Extractive Mining Operations	1 328	998
Other income	333	373
<b>Total other income</b>	<b>9 592</b>	<b>6 937</b>

Recoveries include reimbursement of costs incurred by the department to support early works on project EnergyConnect, the SA-NSW interconnector project (\$2.7 million).

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

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**3. Boards, committees and employees**

**3.1. Key management personnel**

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

The compensation for key management personnel was \$2.0 million (2019: \$2.0 million).

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Compensation</u></b>		
Salaries and other short term employee benefits	1 541	1 593
Post-employment benefits	<u>506</u>	<u>430</u>
<b>Total compensation</b>	<b><u>2 047</u></b>	<b><u>2 023</u></b>

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

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**3.2. Board and committee members**

Members during the 2020 financial year were:

**Minerals and Energy Advisory Council**

P Carr (Chair)  
D Maxwell ^  
G Toogood ^ (appointed May 2020)  
J Schrull ^ (resigned May 2020)  
K Hulmes ^  
K Keates (appointed November 2019)  
K Reznikov  
L Owler ^  
M Reed ^  
R Boele ^  
S Bellman ^  
S Masters ^  
S Pitcher ^ (resigned September 2019)  
S Thuraingham  
T Burgess ^

**Risk and Performance Committee**

C Dunsford (Chair)  
S Adlaf \*  
N Chandler \* (term expired July 2019)  
J Cirson \*  
J Hill  
N Morris \* (appointed July 2019)

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

\* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during 2019-20.

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

The Department of the Premier and Cabinet and the Office of the Technical Regulator agreed in January 2020 that the Technical Advisory Committee, having been established and appointed by the Technical Regulator, did not meet the definition of boards and committees and is no longer included in this note.

***Board and committee remuneration***

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

	<b>2020</b>	<b>2019</b>
\$1 - \$19 999	<u>5</u>	<u>6</u>
<b>Total number of members</b>	<b><u>5</u></b>	<b><u>6</u></b>

The total remuneration received or receivable by members was \$10 000 (2019: \$7 000). Remuneration of members reflects all costs of performing board / committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**Department for Energy and Mining**  
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**3.3. Employee benefits expenses**

**Employee benefits expenses**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
Salaries and wages		31 127	29 357
Employment on-costs – superannuation		3 540	3 327
Annual leave		2 878	2 712
Employment on-costs – other		1 864	1 931
Long service leave		668	1 979
Targeted voluntary separation packages		439	2 613
Skills and experience retention leave		231	178
Board fees (excl. on-costs)*	3.2	9	7
Workers compensation		<u>(238)</u>	<u>(13)</u>
<b>Total employee benefits expense</b>		<b><u>40 518</u></b>	<b><u>42 091</u></b>

\* Board fees includes \$5 000 paid to the Chair of the Penrice Community Consultative Committee, appointed by the Minister and reimbursed to the department as a recovery (refer note 2.9).

***Employment on-costs - superannuation***

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

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

***Executive remuneration***

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
\$151 000 to \$154 000**	N/A	6
\$154 001 to \$174 000	8	12
\$174 001 to \$194 000	9	7
\$194 001 to \$214 000	4	5
\$214 001 to \$234 000	4	2
\$234 001 to \$254 000	4	4
\$254 001 to \$274 000	1	-
\$294 001 to \$314 000*	-	5
\$314 001 to \$334 000*	-	1
\$334 001 to \$354 000	1	1
\$354 001 to \$374 000*	1	3
\$394 001 to \$414 000^	2	1
\$414 001 to \$434 000^	1	-
\$434 001 to \$454 000^	1	-
<b>Total</b>	<u><b>36</b></u>	<u><b>47</b></u>

\*\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

\* This band includes employees that have received TVSP and (or) termination payments in 2018-19.

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

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by those employees for the year was \$8.3 million (2019: \$10.2 million).

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

The number of employees who received a TVSP during the reporting period was 5 (2019: 29)

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	439	2 613
Leave paid to separated employees	134	1 032
Recovery from the Department of Treasury and Finance	-	<u>(2 761)</u>
<b>Net cost to the department</b>	<u><b>573</b></u>	<u><b>884</b></u>

**Department for Energy and Mining**  
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**3.4. Employee benefits liability**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Annual leave	3 306	2 873
Accrued salaries and wages	864	1 132
Long service leave	441	507
Skills and experience retention leave	259	239
<b>Total current employee benefits</b>	<b><u>4 870</u></b>	<b><u>4 751</u></b>
<b><u>Non-current</u></b>		
Long service leave	10 281	10 551
<b>Total non-current employee benefits</b>	<b><u>10 281</u></b>	<b><u>10 551</u></b>
<b>Total employee benefits</b>	<b><u>15 151</u></b>	<b><u>15 302</u></b>

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

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

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

The annual leave liability and the skills and experience retention leave liability expected to be payable within 12 months are measured at the undiscounted amount expected to be paid. Where the annual leave liability and the skills and experience retention leave liability are expected to be payable later than 12 months, the liabilities are measured at present value.

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

***Long service leave***

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

**Department for Energy and Mining**  
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**4. Expenses**

The operating expenses of the department primarily relate to Energy Initiative grant funding programs that include the Home Battery Scheme and Project EnergyConnect, the state's Temporary Generators, and the Remote Areas Energy Supply Scheme (RAES).

Employee benefits expenses are disclosed in note 3.3.

**4.1. Grants and subsidies**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Home Battery Scheme	43 208	7 070
Project EnergyConnect	15 968	2 680
Other grants and subsidies	8 237	3 518
Renewable Technology Fund	5 622	13 579
Remote Areas Energy Supply Scheme	4 603	4 232
Australian Energy Market Commission	2 382	2 213
Energy Productivity Program	1 980	8 032
MinEx CRC	350	2 200
<b>Total grants and subsidies</b>	<b>82 350</b>	<b>43 524</b>

**4.2. Supplies and services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Emergency generation and storage <sup>(a)</sup>	16 568	33 453
Office administration expenses	3 393	3 659
Energy supply fuel and lubricants	7 103	8 188
Accommodation	4 044	4 090
Service level agreements <sup>(b)</sup>	3 706	4 254
Contractors <sup>(c)</sup>	6 885	10 790
Consultants	1 905	2 038
Information technology and communication charges	1 321	1 309
Travel and related expenses	1 000	1 022
Staff related expenses	859	907
Remote areas energy supplies plant and equipment	730	729
Marketing	425	706
Service recoveries	325	489
Accounting and audit fees <sup>(d)</sup>	133	125
Operating lease payments	-	536
<b>Total supplies and services</b>	<b>48 397</b>	<b>72 295</b>

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

(b) Service level agreements largely represents payments made to the Department for Innovation and Skills (DIS) and the Department of Primary Industries and Regions SA (PIRSA) for the provision of corporate support and Information Communication Technology support under service level agreements.

**Department for Energy and Mining**  
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**4.2. Supplies and services (cont.)**

- (c) Contractors include major service contract payments to Cowell Electricity Supply Pty Ltd to manage electricity infrastructure in the Remote Areas Energy Supply (RAES) communities.
- (d) 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. No other services were provided by the Auditor-General's Department.

**Accommodation**

Most of the department's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

In previous years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification is set out in note 9.1.

**Consultants**

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

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
Below \$10 000	7	27	8	36
\$10 000 or above	<u>29</u>	<u>1 878</u>	<u>20</u>	<u>2 002</u>
<b>Total</b>	<b><u>36</u></b>	<b><u>1 905</u></b>	<b><u>28</u></b>	<b><u>2 038</u></b>

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**4.3. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment	7 815	4 486
Buildings and leasehold improvements	628	744
Intangibles / software	530	201
Right-of-use vehicles	271	-
<b>Total depreciation and amortisation expenses</b>	<b><u>9 244</u></b>	<b><u>5 431</u></b>

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

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

***Review of accounting estimates***

Assets' residual values, useful lives and amortisation methods are 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 / amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	25-80
Leasehold improvements	Life of lease
Right-of-use vehicles	Life of Lease
Plant and equipment	2-60
Intangibles / software	3-10

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

Depreciation on plant and equipment has increased due to the depreciation on emergency generators being for a full year. The generators were acquired by the department on 24 December 2018 and transferred to the Treasurer at 30 June 2020.

The department revalued its buildings upward at 30 June 2020. Future depreciation expense will increase by \$2.1 million as a result.

**Department for Energy and Mining**  
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**4.4. Borrowing costs**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	<u>7</u>	=
<b>Total Borrowing Costs</b>	<u>7</u>	=

**4.5. Other expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Asset derecognition	834	-
NRM Water Catchment Levy	810	797
Shared Services fee	381	389
Revaluation decrement	-	1 203
Other expenses	-	3
Bad and doubtful debts	<u>(44)</u>	<u>470</u>
<b>Total other expenses</b>	<u><b>1 981</b></u>	<u><b>2 862</b></u>

The asset derecognition is associated with the removal of items from the asset register which are not owned by the department. These items have been removed at their carrying amounts and include accommodation on the Anangu Pitjantjatjara Yankunytjatjara (APY) lands of \$0.7 million and land and buildings at Andamooka of \$0.1 million.

The revaluation decrement is associated with the independent valuation of electricity infrastructure in RAES communities at 30 June 2019.

**Department for Energy and Mining**  
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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	11 233	5 315
Plant and equipment at fair value	-	232 270
Accumulated depreciation	(2 972)	(5 151)
<b>Total plant and equipment</b>	<b>8 261</b>	<b>232 434</b>
<b><u>Buildings and leasehold improvements</u></b>		
Buildings and leasehold improvements at fair value	32 305	30 466
Accumulated depreciation	(2 691)	(2 062)
<b>Total buildings and leasehold improvements</b>	<b>29 614</b>	<b>28 404</b>
<b><u>Land</u></b>		
Land at fair value	7 209	6 195
<b>Total land</b>	<b>7 209</b>	<b>6 195</b>
<b><u>Works of art</u></b>		
Works of art at fair value	70	70
<b>Total works of art</b>	<b>70</b>	<b>70</b>
<b><u>Right-of-use vehicles</u></b>		
Right-of-use vehicles (at cost)	629	-
Accumulated depreciation	(200)	-
<b>Total right-of-use vehicles</b>	<b>429</b>	<b>-</b>
<b><u>Capital works in progress</u></b>		
Works in progress at cost	1 507	1 161
<b>Total capital works in progress</b>	<b>1 507</b>	<b>1 161</b>
<b>Total property, plant and equipment</b>	<b>47 090</b>	<b>268 264</b>

**Department for Energy and Mining**  
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**5.1. Property, plant and equipment by asset class (cont.)**

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. Detail about the department's approach to fair value is set out in note 11.2.

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

The department maintains electricity infrastructure in Aboriginal communities through the RAES scheme. An independent valuation performed as at 30 June 2019 identified \$14.6 million of electricity generation and distribution network assets installed on Aboriginal Lands pre-2012 that are not currently recognised as property, plant and equipment. The department sought advice from the Crown Solicitor's Office and as a result will not be recording these assets on the department's register.

An independent valuation was performed as at 30 June 2020 on the department's land and buildings. As a result land was revalued upward \$1.1 million and buildings were revalued upward \$2.1 million.

Emergency generators were transferred to the Treasurer on 30 June 2020 at their carrying value of \$217.1 million.

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

**Impairment**

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

**Reconciliation 2019-20**

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

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**5.2. Property, plant and equipment owned by the department (cont.)**

Disposals of plant and equipment relate to the transfer, by proclamation, of generators valued at \$217.1 million to the Treasurer on 30 June 2020.

**Reconciliation 2018-19**

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2018</b>	-	-	-	-	-	-
Additions	230 193	-	-	-	1 382	231 575
Capitalisation	-	1 375	-	-	(1 375)	-
Disposals	(93)	-	-	-	-	(93)
Donated assets	6	-	-	-	-	6
Revaluation decrement expense	(1 203)	-	-	-	-	(1 203)
Depreciation / amortisation	(4 486)	(744)	-	-	-	(5 230)
Net assets transferred as a result of an administrative restructure	8 017	27 773	6 195	70	1 154	43 209
<b>Carrying amount at 30 June 2019</b>	<b>232 434</b>	<b>28 404</b>	<b>6 195</b>	<b>70</b>	<b>1 161</b>	<b>268 264</b>

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

Property, plant and equipment leased by the department is recorded at cost. Additions to leased property, plant and equipment were \$0.7 million (2019: nil) including transfers in of right of use assets under AASB 16.

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

The department has a limited number of leases:

- As at 30 June 2020, the department has 43 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from three years (60,000km) up to five years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

**Impairment**

Property, plant and equipment leased by the department has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

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**5.4. Intangible assets**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Computer software</u></b>		
Internally developed computer software	2 786	994
Accumulated amortisation	(902)	(377)
<b>Total computer software</b>	<b>1 884</b>	<b>617</b>
<b><u>Computer software - other</u></b>		
Other computer software	35	35
Other accumulated amortisation	(16)	(11)
<b>Total computer software</b>	<b>19</b>	<b>24</b>
<b><u>Works in progress</u></b>		
Intangible works in progress	-	1 792
<b>Total intangible works in progress</b>	<b>-</b>	<b>1 792</b>
<b>Total intangible assets</b>	<b>1 903</b>	<b>2 433</b>

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

The acquisition of, or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

Works in progress relating to the Petroleum Exploration and Production System (PEPS) were capitalised during the year.

***Reconciliation of intangible assets***

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

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

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**5.4. Intangible assets (cont.)**

***Reconciliation of intangible assets***

The following table shows the movement of intangible assets during 2018-19:

	<u>Intangibles software</u>	<u>Intangibles work in progress</u>	<u>Total</u>
	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2018</b>	-	-	-
Amortisation	(201)	-	(201)
Net assets transferred as a result of an administrative restructure	<u>842</u>	<u>1 792</u>	<u>2 634</u>
<b>Carrying amount at 30 June 2019</b>	<u><b>641</b></u>	<u><b>1 792</b></u>	<u><b>2 433</b></u>

**Department for Energy and Mining**  
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**6. Financial assets**

**6.1. Cash**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	9 927	5 771
<b>Total cash</b>	<b>9 927</b>	<b>5 771</b>

**6.2. Receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
<b>Trade receivables</b>		
From non-government entities	5 108	3 377
From government entities	93	166
Allowance for doubtful debts	(372)	(447)
<b>Total trade receivables</b>	<b>4 829</b>	<b>3 096</b>
Loans granted	21 104	11 147
Accrued revenue	712	287
Prepayments	277	861
GST input tax recoverable	399	976
Other receivables	18	16
<b>Total current receivables</b>	<b>27 339</b>	<b>16 383</b>
<b>Total receivables</b>	<b>27 339</b>	<b>16 383</b>

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

The net amount of GST payable to the ATO is included as part of receivables.

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

The increase in trade receivables is mostly due to industry assistance offered through fee relief as a COVID-19 support measure, which has extended payment terms by up to seven months (refer note 1.3). The energy and resources sector has remained strong through 2019-20 with no evidence of increased credit risk including no observed increase in administration appointments nor significant requests for further deferrals of payment. Consequently, there has not been an adjustment to expected credit loss for industry assistance measures. Refer to note 11.3 for further information on risk management.

**Department for Energy and Mining**  
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**6.2. Receivables (cont.)**

*Impairment of receivables*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2019</b>	<u>(447)</u>	<u>-</u>
(Increase) in allowance due to restructure activities	-	(38)
Decrease / (Increase) in the allowance	45	(418)
Amounts written off	30	9
<b>Carrying amount at 30 June 2020</b>	<u><b>(372)</b></u>	<u><b>(447)</b></u>

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

**Department for Energy and Mining**  
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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Creditors and accrued expenses	8 706	15 011
Employment on-costs	1 213	859
<b>Total current payables</b>	<b>9 919</b>	<b>15 870</b>
<b><u>Non-current</u></b>		
Employment on-costs	953	967
<b>Total non-current payables</b>	<b>953</b>	<b>967</b>
<b>Total payables</b>	<b>10 872</b>	<b>16 837</b>

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

***Employment on-costs***

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

The department makes contributions to several state government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board 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 was 42 per cent in 2020 (2019: 41 per cent). The average factor for the calculation of employer superannuation cost on-costs has remained unchanged from the 2019 rate of 9.8 per cent in 2020 (2019: 9.8 per cent). These rates are used in the employment on-cost calculation. The impact on 2020 is not material.

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**7.2. Financial Liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Lease liabilities	220	-
<b>Total current financial liabilities</b>	<b>220</b>	<b>-</b>
<b><u>Non-current</u></b>		
Lease liabilities	212	-
<b>Total non-current financial liabilities</b>	<b>212</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>432</b>	<b>-</b>

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

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

**7.3. Provisions**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Provision for workers compensation	184	196
<b>Total current provisions</b>	<b>184</b>	<b>196</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	3 106	3 490
<b>Total non-current provisions</b>	<b>3 106</b>	<b>3 490</b>
<b>Total provisions</b>	<b>3 290</b>	<b>3 686</b>
<b>Movement in provisions</b>		
Carrying amount at 1 July 2019	3 686	-
Additional provisions recognised as a result of restructure activities	-	3 825
(Decrease) in provisions recognised	(396)	(139)
<b>Carrying amount at 30 June 2020</b>	<b>3 290</b>	<b>3 686</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

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**7.4. Other liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Security deposits	16 540	4 204
Contract liabilities	4 016	-
Unearned revenue	-	2 799
<b>Total current other liabilities</b>	<b>20 556</b>	<b>7 003</b>
<b>Total other liabilities</b>	<b>20 556</b>	<b>7 003</b>

Security deposits are received to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of mining operations. Cash deposits are classified as security deposits. The value of securities held in the form of bank guarantees are reflected as a contingent asset as the department only has claim on these funds if the mining operator fails to meet its legislative requirements. The increase in security deposits reflects movements from bank guarantees to cash securities for several large tenements upon change of ownership of the tenement, or company holding the tenement.

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.

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**8. Other disclosures**

**8.1. Equity**

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

**8.2. Cash flow**

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Leases</b>		
Vehicles	(269)	
<b>Total cash outflow for leases</b>	<b>(269)</b>	<b>-</b>

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Reconciliation of cash and cash equivalents at the end of the reporting period</u></b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	9 927	5 771
<b>Balance as per the Statement of Cash Flows</b>	<b>9 927</b>	<b>5 771</b>

**Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services**

Net cash provided by / (used in) in operating activities	5 897	(70 917)
<b><u>Add / (less) non-cash items</u></b>		
Depreciation and amortisation expense of non-current assets	(9 244)	(5 431)
Asset derecognition	(834)	-
Bad and doubtful debts expense	44	(470)
Resources received free of charge	381	395
Revaluation decrement	-	(1 203)
Resources provided free of charge	(381)	(389)
Transfer in for administrative restructure	-	36 037
Profit (loss) from disposal and write down of non-current and other assets	2	(98)

**Movement in assets and liabilities**

Increase in receivables	9 653	16 207
Decrease / (increase) in payables	5 303	(16 116)
(Increase) in other liabilities	(13 553)	(6 380)
Decrease / (increase) in provisions	396	(3 686)
Decrease / (increase) in employee benefits	151	(15 302)
(Increase) in financial liabilities	(701)	-
<b>Net Result</b>	<b>(2 886)</b>	<b>(67 353)</b>

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## **9. Changes in accounting policy**

### **9.1. AASB 16 Leases**

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 Leases replaces AASB 117 Leases and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

#### **Impact on retained earnings**

Right-of use assets and the related lease liabilities were recognised at equal values so there was no impact on the department's retained earnings as at 1 July 2019.

The department disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$22 million under AASB 117.

The department has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of a lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$0.3 million under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019.

Commitments related to accommodation services provided by DPTI are included in Note 10.1.

The misclassification did not impact on the Statement of Comprehensive Income or the Statement of Financial Position in prior years. This misclassification impacted items within the supplies and services expenses line. Note 4.2. applies the correct classification for both the current and comparative years.

#### **Accounting policies on transition**

AASB 16 sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. The department has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.

**Department for Energy and Mining**  
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**9.1. AASB 16 Leases (cont.)**

- the initial measurement of lease liability was the present value of the remaining leases payments discounted using the relevant incremental borrowing rate published by the Department of Treasury and Finance as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 2.19 per cent.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

**Ongoing accounting policies**

The Treasurer's Instructions (Accounting Policy Statements) specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the department's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the department, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

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**9.2. AASB 15 Revenue from Contracts with Customers**

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

On transition there was no impact on retained earnings.

***Ongoing accounting policies***

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the department's accounting policies as follows:

- mining and petroleum licences are short-term licences (ie. being those with a licence term of 12 months or less) and are exempt from AASB 15 revenue recognition requirements. The department has elected to recognise revenue at the point in time the licence is granted, or on its anniversary date for future annual period.
- AASB 15 is applied to a portfolio of contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the department would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the department's performance completed to date.
- there is no disclosure of certain information relating to remaining performance obligations if the original contract is expected to end within one year or when revenue is recognised in accordance with para. B16.

Significant accounting policies relating to the application of AASB 15 are disclosed under relevant notes.

**9.3. AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

***Accounting policies on transition***

On transition, there was no impact on retained earnings.

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**9.4. Presentation of financial statements**

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost-of-services format. The net cost-of-services is the total cost of services less any revenue retained by public authorities involved in the provision of services, but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the sources of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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**10. Outlook**

**10.1. Unrecognised contractual commitments**

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

**Capital commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	1 370	-
<b>Total capital commitments</b>	<b>1 370</b>	<b>-</b>

The department's capital commitments are for installation of generators and smart meters under the remote area energy supply program.

**Expenditure commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	85 510	49 869
Later than one year but not later than five years	89 463	47 854
Later than five years	17 271	22 977
<b>Total other commitments</b>	<b>192 244</b>	<b>120 700</b>

The department's expenditure commitments are for agreements for:

- Memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation (\$19 million).
- South Australian Project EnergyConnect (\$44 million).
- South Australian Grid-Connected Battery Facility (\$31 million).
- Remote area energy supply independent operator subsidies (\$29 million).

**Operating lease commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</u>		
Within one year	-	224
Later than one year but not later than five years	-	124
<b>Total operating lease commitments</b>	<b>-</b>	<b>348</b>
<b>Representing:</b>		
Cancellable operating leases	-	348
<b>Total operating lease commitments</b>	<b>-</b>	<b>348</b>

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**10.1. Unrecognised contractual commitments (cont.)**

Operating lease commitments is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation. This has to be reclassified and included under expenditure commitments. For more detail about the reclassification see 9.1.

**10.2. Contingent assets and liabilities**

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

***Contingent assets***

The department receives securities in accordance with Acts administered by the department. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as bank guarantees at 30 June 2020 is approximately \$217 million (2019: approximately \$161 million). The department only has a claim on these funds if the licensee fails to perform its legislative requirements.

***Contingent liabilities***

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

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

**10.3. Impact of standards and statements not yet effective**

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

***AASB 1059 Service Concession Arrangements: Grantors***

The department is not expecting there to be any significant impact following the adoption of AASB 1059 Service Concession Arrangements: Grantors.

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**10.4. COVID-19 pandemic outlook for the department**

It is expected that the COVID-19 pandemic will have only minimal impact on the operations of the department in 2020-21. The key expected impacts are:

- Additional expenditure in 2020-21 for projects that were delayed in 2019-20 as a result of COVID-19 including RAES and Future Sustainability.
- Limits on overseas and inter-state travel and conferences.
- Departmental programs and activities will continue to be refocussed for delivery through digital engagement.
- Continued monitoring and coordination of mining industry fly-in fly-out (FIFO) protocols, including COVID-19 testing at Adelaide airport.

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

Whilst there were no identified impacts of COVID-19 on land and building valuations that were undertaken at 30 June 2020, the impacts of COVID-19 will be monitored and further valuations will be carried out at 30 June 2021 if required.

Refer to note 1.3 for impacts in 2019-20.

**10.5. Events after the reporting period**

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

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**11. Measurement and risk**

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25 per cent) to 2020 (0.75 per cent)

The actuarial assessment performed by the Department of Treasury and Finance has decreased the salary inflation rate from 2019 (4 per cent) to 2020 (2.5 per cent) 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 \$0.8 million (2019: \$0.9 million increase). 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.

**11.2. Fair value**

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

***Initial recognition***

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. 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 (that is the amount recorded by the transferor public authority immediately prior to the restructure).

***Revaluation***

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken every 6 years. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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**11.2. Fair value (continued)**

***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.

In 2020, certain buildings and improvements were transferred from level 2 (market value basis) to level 3 (existing use basis) as a result of the independent valuation of land and buildings undertaken in June 2020.

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.2	7 209	-	7 209
Plant and equipment	5.2	-	8 261	8 261
Buildings and leasehold improvements	5.2	-	29 614	29 614
Works of art	5.2	-	70	70
<b>Total recurring fair value measurements</b>		<b>7 209</b>	<b>37 945</b>	<b>45 154</b>
<b>Total fair value measurements</b>		<b>7 209</b>	<b>37 945</b>	<b>45 154</b>

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.2	6 195	-	6 195
Plant and equipment	5.2	-	232 434	232 434
Buildings and leasehold improvements	5.2	153	28 251	28 404
Works of art	5.2	-	70	70
<b>Total recurring fair value measurements</b>		<b>6 348</b>	<b>260 755</b>	<b>267 103</b>
<b>Total fair value measurements</b>		<b>6 348</b>	<b>260 755</b>	<b>267 103</b>

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

Given the specialised nature of some of the parcels there were limited directly comparable recent sales evidence available. For properties with limited sales available or more unique zonings and uses a higher number of assumptions and adjustments were required. Where a significant number of assumptions were required the land was valued on a Level 3 basis in the valuation hierarchy. Where there was sales evidence 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 has been 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 is used to establish the value of the subject property. In this regard, sales evidence has been collected as close to the date of valuation as possible and compared to the subject property on the basis of quality, age, condition and size of improvements, location, land area and shape. The sales were then analysed on a sales price per square metre of land area and adjusted accordingly to reflect any character differences between the subject and the comparable sales data.

***Plant and equipment***

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

***Works of art***

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

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

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**11.2. Fair value (continued)**

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

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

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**11.2. Fair value (continued)**

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

	Plant and equipment	Buildings and leasehold improvements	Works of art	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2018</b>	-	-	-	-
Acquisitions	230 193	-	-	230 193
Capitalised subsequent expenditure	-	1 375	-	1 375
Disposals	(93)	-	-	(93)
Donated assets	6	-	-	6
Acquisitions through administrative restructure	8 017	27 609	70	35 696
<b>Closing balance at the end of the period</b>	<b>238 123</b>	<b>28 984</b>	<b>70</b>	<b>267 177</b>
<b>Losses for the period recognised in net result:</b>				
Depreciation and amortisation	(4 486)	(733)	-	(5 219)
<b>Total losses recognised in net result</b>	<b>(4 486)</b>	<b>(733)</b>	<b>-</b>	<b>(5 219)</b>
<b>(Losses) for the period recognised in other comprehensive income (OCI):</b>				
Revaluation increments/(decrements)	(1 203)	-	-	(1 203)
<b>Total (losses) recognised in OCI</b>	<b>(1 203)</b>	<b>-</b>	<b>-</b>	<b>(1 203)</b>
<b>Closing balance at 30 June 2019</b>	<b>232 434</b>	<b>28 251</b>	<b>70</b>	<b>260 755</b>

**11.3. Financial instruments**

**Financial risk management**

Risk management is managed by the department's Corporate Services section. Departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer 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.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**11.3. Financial instruments (continued)**

***Impairment of financial assets***

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

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

The maximum period considered when estimating ECL is the maximum contractual period over which the department is exposed to credit risk.

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

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

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**11.3. Financial instruments (continued)**

	Debtor gross carrying amount	Loss %	Lifetime expected losses
<b>TMS</b>	<b>\$'000</b>		<b>\$'000</b>
Current (not past due)	2 145	3.51	75
1 - 30 days past due	42	5.15	2
31 - 60 days past due	890	16.97	151
61 - 90 days past due	7	20.85	2
More than 90 days past due	245	22.84	56
<b>Loss Allowance</b>	<b>3 329</b>		<b>286</b>

	Debtor gross carrying amount	Loss %	Lifetime expected losses
<b>PEPS</b>	<b>\$'000</b>		<b>\$'000</b>
Current (not past due)	1 208	-	-
1 - 30 days past due	-	-	-
31 - 60 days past due	-	-	-
61 - 90 days past due	-	-	-
More than 90 days past due	-	-	-
<b>Loss Allowance</b>	<b>1 208</b>		<b>-</b>

	Debtor gross carrying amount	Loss %	Lifetime expected losses
<b>General invoices</b>	<b>\$'000</b>		<b>\$'000</b>
Current (not past due)	-	1.36	-
1 - 30 days past due	-	1.68	-
31 - 60 days past due	-	8.69	-
61 - 90 days past due	-	12.17	-
More than 90 days past due	112	13.09	15
<b>Loss Allowance</b>	<b>112</b>		<b>15</b>

	Debtor gross carrying amount	Loss %	Lifetime expected losses
<b>RAES</b>	<b>\$'000</b>		<b>\$'000</b>
Current (not past due)	9	2.54	-
1 - 30 days past due	56	4.52	3
31 - 60 days past due	1	16.51	-
61 - 90 days past due	-	31.49	-
More than 90 days past due	163	41.82	68
<b>Loss Allowance</b>	<b>229</b>		<b>71</b>

<b>Total Loss Allowance</b>			<b>372</b>
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**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**11.3. Financial instruments (continued)**

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

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

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 90 days past due.

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

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

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

***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 T1 23 *Management of Foreign Currency Exposures*.

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

***Categorisation of financial instruments***

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

***Classification of financial instruments***

The department measures all financial instruments at amortised cost.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**11.3. Financial instruments (continued)**

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

Category of financial asset and financial liability	Note	Carrying amount / Fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1-5 years	More than 5 years \$'000
<b>Financial assets</b>					
Cash	6.1	5 771	5 771	-	-
Loans and receivables	6.2	14 546	14 546	-	-
<b>Total assets</b>		<b>20 317</b>	<b>20 317</b>	-	-
<b>Financial liabilities</b>					
Payables	7.1	14 896	14 896	-	-
<b>Total</b>		<b>14 896</b>	<b>14 896</b>	-	-

**Receivables and payables**

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

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

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**12. Trust Fund**

***Extractive Areas Rehabilitation Fund***

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

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>		
Royalties	2 945	3 207
<b>Total income</b>	<b>2 945</b>	<b>3 207</b>
<b>Expenses</b>		
Extractive Industries contribution	1 328	998
Rehabilitation costs	14	2
Other expenses	30	-
<b>Total expenses</b>	<b>1 372</b>	<b>1 000</b>
<b>Net result</b>	<b>1 573</b>	<b>2 207</b>

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash	29 562	27 989
<b>Total assets</b>	<b>29 562</b>	<b>27 989</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>29 562</b>	<b>27 989</b>
<b>Equity</b>		
Transfer in as a result of restructure	-	25 782
Net Receipts	1 573	2 207
Retained earnings	27 989	-
<b>Fund Balance at 30 June 2020</b>	<b>29 562</b>	<b>27 989</b>

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

**Administered Financial Statements**

**For the year ended 30 June 2020**

**Department for Energy and Mining**  
**Statement of Administered Comprehensive Income**  
*for the year ended 30 June 2020*

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	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered income</u></b>		
Appropriation	403	380
Royalties	311 997	299 418
Other income	7 163	6 514
<b>Total administered income</b>	<b>319 563</b>	<b>306 312</b>
<b><u>Administered expenses</u></b>		
Employee benefits expenses	403	393
Payment of royalties to the Consolidated Account	311 997	299 418
Other expenses	7 163	6 497
<b>Total administered expenses</b>	<b>319 563</b>	<b>306 308</b>
<b>Net Result</b>	<b>-</b>	<b>4</b>
<b>Total comprehensive result</b>	<b>-</b>	<b>4</b>

The accompanying notes form part of these financial statements.

**Department for Energy and Mining**  
**Statement of Administered Financial Position**  
*as at 30 June 2020*

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	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered current assets</u></b>		
Cash	24 126	20 117
Receivables	28	2 571
<b>Total current assets</b>	<b>24 154</b>	<b>22 688</b>
<b>Total assets</b>	<b>24 154</b>	<b>22 688</b>
<b><u>Administered current liabilities</u></b>		
Payables	24 307	22 841
Other	3	3
<b>Total current liabilities</b>	<b>24 310</b>	<b>22 844</b>
<b>Total liabilities</b>	<b>24 310</b>	<b>22 844</b>
<b>Net assets</b>	<b>(156)</b>	<b>(156)</b>
<b><u>Administered equity</u></b>		
Retained earnings	(156)	(156)
<b>Total equity</b>	<b>(156)</b>	<b>(156)</b>

The accompanying notes form part of these financial statements.

**Department for Energy and Mining**  
**Statement of Administered Cash Flows**  
*for the year ended 30 June 2020*

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	2020 (Outflows) Inflows \$'000	2019 (Outflows) Inflows \$'000
<b><u>Cash flows from operating activities</u></b>		
<i>Cash inflows</i>		
Appropriation	403	380
Royalties receipts	314 540	302 664
Other receipts	<u>7 163</u>	<u>6 514</u>
<b>Cash generated from operations</b>	<b><u>322 106</u></b>	<b><u>309 558</u></b>
<i>Cash outflows</i>		
Employee benefits expenses	(403)	(393)
Other payments	(7 847)	(6 815)
Payment of royalties to the Consolidated Account	<u>(309 847)</u>	<u>(309 341)</u>
<b>Cash (used in) operations</b>	<b><u>(318 097)</u></b>	<b><u>(316 549)</u></b>
<b>Net cash (used in) operating activities</b>	<b><u>4 009</u></b>	<b><u>(6 991)</u></b>
<b><u>Cash flows from financing activities</u></b>		
<i>Cash inflows</i>		
Cash received from restructure activities	<u>-</u>	<u>27 108</u>
<b>Cash generated from financing activities</b>	<b><u>-</u></b>	<b><u>27 108</u></b>
<b>Net cash generated from financing activities</b>	<b><u>-</u></b>	<b><u>27 108</u></b>
<b>Net increase in cash</b>	<b><u>4 009</u></b>	<b><u>20 117</u></b>
Cash at the beginning of the period	20 117	-
<b>Cash at the end of the period</b>	<b><u>24 126</u></b>	<b><u>20 117</u></b>

The accompanying notes form part of these financial statements.



**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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	<b>Ministers' Salary</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Administered Income</u></b>				
Appropriation	403	380	403	380
Royalties	-	-	311 997	299 418
Other income	-	-	7 163	6 514
<b>Total administered income</b>	<b>403</b>	<b>380</b>	<b>319 563</b>	<b>306 312</b>
<b><u>Administered Expenses</u></b>				
Employee benefits	403	393	403	393
Payment of royalties to the Consolidated Account	-	-	311 997	299 418
Other expenses	-	-	7 163	6 497
<b>Total administered expenses</b>	<b>403</b>	<b>393</b>	<b>319 563</b>	<b>306 308</b>
<b>Net result</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>4</b>

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**A1 Basis of preparation and accounting policies**

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

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

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

***Royalties***

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

***Native Title Agreement***

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

***Mintabie Administration***

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

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

There were no changes to the department's administered items in year ended 30 June 2020

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

Royalties' revenue has been maintained in 2020 as a result of strong commodities pricing in the first half of the year. The worldwide impacts of COVID-19 contributed to a fall in oil prices to a 20 year low, however, mineral royalties have been less affected as iron ore pricing has remained strong. Forecasts for royalties show a consistent level of growth, although at lower levels than pre COVID-19.

**Department for Energy and Mining**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**A5 Budget performance**

The budget performance table compares the departments outcomes against budget information presented to Parliament (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	<b>Original budget 2020 \$'000</b>	<b>Actual 2020 \$'000</b>	<b>Variance \$'000</b>
<b>Statement of Comprehensive Income</b>			
<b><u>Administered Income</u></b>			
Appropriation	398	403	(5)
Royalties	300 072	311 997	(11 925)
Other income	6 032	7 163	(1 131)
<b>Total administered income</b>	<b>306 502</b>	<b>319 563</b>	<b>(13 061)</b>
<b><u>Administered Expenses</u></b>			
Employee benefits	398	403	(5)
Payment of royalties to the Consolidated Account	300 072	311 997	(11 925)
Other expenses	6 032	7 163	(1 131)
<b>Total administered expenses</b>	<b>306 502</b>	<b>319 563</b>	<b>(13 061)</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Government  
of South Australia**

Department for  
Energy and Mining

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**Department for Energy and Mining**

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