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To the Chief Executive Department for Energy and Mining

Opinion

I have audited the financial report of the Department for Energy and Mining for the financial year ended 30 June 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Energy and Mining as at 30 June 2025, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2025
- a Statement of Administered Financial Position as at 30 June 2025
- a Statement of Administered Cash Flows for the year ended 30 June 2025
- a Schedule of Income and Expenses attributable to Administered Activities
- notes, comprising material accounting policy information and other explanatory information for administered items
- a Certificate from the Chief Executive and the Director, Commercial.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department for Energy and Mining. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Energy and Mining for the financial year ended 30 June 2025.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Energy and Mining's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Blaskett
Auditor-General

23 September 2025

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

Financial Statements

For the year ended 30 June 2025

Department for Energy and Mining
Certification of the Financial Statements
for the year ended 30 June 2025

We certify that the:

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



Paul Martyn, PSM
Chief Executive

12 September 2025



William Pasten
Director, Commercial

12 September 2025

Department for Energy and Mining
Statement of Comprehensive Income
for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
<u>Income</u>			
Appropriation	3.1	45 283	173 334
Fees and charges	3.2	35 093	33 884
Grants and funding	3.3	1 964	4 677
Intra-government transfers	3.4	84 182	30 370
Interest		13	8
Sales of goods and services	3.5	7 092	6 240
Resources received free of charge	3.6	761	541
Recoveries	3.7	4 190	2 485
Other income	3.8	8 221	3 973
Total income		186 799	255 512
<u>Expenses</u>			
Employee related expenses	4.1	45 811	41 092
Supplies and services	4.2	59 124	41 811
Grants and subsidies	4.4	22 443	166 480
Depreciation and amortisation	5.4, 5.6	3 371	3 380
Net loss from the disposal of non-current assets	4.5	-	42
Borrowing costs		21	18
Other expenses	4.6	2 359	2 262
Cash alignment transfers to Consolidated Account		-	2 140
Total expenses		133 129	257 225
Net result		53 670	(1 713)
<u>Other comprehensive income</u>			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	5.4	42 756	-
Total other comprehensive income		42 756	-
Total comprehensive result		96 426	(1 713)

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 2025

	Note	2025 \$'000	2024 \$'000
<u>Current assets</u>			
Cash and cash equivalents	5.2	296 538	53 107
Receivables	5.3	11 901	5 088
Other non-financial assets		-	433
Total current assets		308 439	58 628
<u>Non-current assets</u>			
Property, plant and equipment	5.4	327 271	59 613
Intangible assets	5.6	20 538	13 211
Total non-current assets		347 809	72 824
Total assets		656 248	131 452
<u>Current liabilities</u>			
Payables	6.2	22 742	15 041
Other financial liabilities	6.3	-	286
Employee related liabilities	6.4	6 087	4 841
Provisions	6.5	279	264
Security deposits	6.6	19 923	24 867
Other non-financial liabilities	6.7	1 218	2 473
Total current liabilities		50 249	47 772
<u>Non-current liabilities</u>			
Other financial liabilities	6.3	-	423
Employee related liabilities	6.4	9 742	8 815
Provisions	6.5	2 779	2 403
Other non-financial liabilities	6.7	16	44
Total non-current liabilities		12 537	11 685
Total liabilities		62 786	59 457
Net assets		593 462	71 995
<u>Equity</u>			
Retained earnings		516 502	37 791
Asset revaluation surplus		45 982	3 226
Contributed capital		30 978	30 978
Total equity		593 462	71 995

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 2025

	Retained earnings \$'000	Asset revaluation surplus \$'000	Contributed capital \$'000	Total equity \$'000
Balance as at 1 July 2023	39 504	3 226	30 978	73 708
<u>Net result for 2023-24</u>	<u>(1 713)</u>	<u>-</u>	<u>-</u>	<u>(1 713)</u>
Total comprehensive result 2023-24	(1 713)	-	-	(1 713)
Balance as at 30 June 2024	37 791	3 226	30 978	71 995
<u>Net result for 2024-25</u>	<u>53 670</u>	<u>-</u>	<u>-</u>	<u>53 670</u>
Gain on revaluation of property, plant and equipment	-	42 756	-	42 756
Total comprehensive result 2024-25	53 670	42 756	-	96 426
Net assets transferred in as a result of administrative restructure	425 041	-	-	425 041
Balance as at 30 June 2025	516 502	45 982	30 978	593 462

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 2025

	Note	2025 \$'000	2024 \$'000
<u>Cash flows from operating activities</u>			
<u>Cash inflows</u>			
Appropriation		45 283	173 334
Fees and charges		35 090	34 265
Intra-government transfers		84 182	30 389
Grants and funding		1 964	4 684
Interest		13	8
Sales of goods and services		7 092	6 293
Net GST recovered from ATO		22 503	7 992
Receipts of security deposits		2 044	5 399
Net receipts from paid parental leave scheme		30	54
Other receipts		10 489	6 625
<u>Cash outflows</u>			
Employee related expenses		(44 830)	(41 057)
Supplies and services		(104 934)	(43 455)
Grants and subsidies		(24 733)	(169 442)
Refunds of security deposits		(6 988)	(4 782)
Payments for paid parental leave scheme		(33)	(53)
Cash alignment transfers to Consolidated Account		-	(2 140)
Other payments		(983)	(929)
Net cash provided by operating activities	7.2	26 189	7 185
<u>Cash flows from investing activities</u>			
<u>Cash inflows</u>			
Proceeds from sale of property, plant and equipment and other assets		-	67
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(50 124)	(9 634)
Net cash (used in) investing activities		(50 124)	(9 567)
<u>Cash flows from financing activities</u>			
<u>Cash inflows</u>			
Cash transferred as a result of restructuring activities		267 623	-
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(257)	(220)
Net cash provided by / (used in) financing activities		267 366	(220)
Net increase / (decrease) in cash and cash equivalents		243 431	(2 602)
Cash at the beginning of the period		53 107	55 709
Cash at the end of the period	5.2	296 538	53 107

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 2025

1. About the Department for Energy and Mining

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

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

Administered items

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

Attached offices

The Office of Hydrogen Power South Australia (OHPSA) was established as an attached office of the Department for Energy and Mining by proclamation on 19 May 2022. The office was abolished effective from 7 May 2025 with assets, liabilities, activities, and responsibilities transferred to the Department for Energy and Mining (refer to note 1.3). As the office was not controlled by the department, the operations from 1 July 2024 to 7 May 2025 do not form part of these financial statements. In 2024, South Australian government funding to OHPSA was received by the department and passed onto OHPSA (refer to note 3.1, note 3.4 and note 4.4). In 2025, OHPSA received South Australian government funding direct.

The Office of Northern Water Delivery was proclaimed as an attached office to the Department for Infrastructure and Transport effective from 1 July 2024. Effective from 21 November 2024, the office was transferred as an attached office to the Department for Energy and Mining. The office was abolished effective from 7 May 2025 with assets, liabilities, activities and responsibilities transferred to the Department for Energy and Mining (refer to note 1.3). As the office was not controlled by the department, the operations from 1 July 2024 to 7 May 2025 do not form part of these financial statements.

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 purposes of preparing the financial statements, the department is a not-for-profit entity. The financial statements have been prepared based on a 12-month 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.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets that are sold, consumed, or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which the department has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

Material accounting policy information is set out throughout the notes.

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.1. Basis of preparation (continued)

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

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

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

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

1.2. Objectives and programs

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

The department strives to deliver 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. This includes providing overall strategic leadership of the transformation of the Whyalla steelworks and broader transition of the region's economic future and facilitating the expansion of copper mining and processing in South Australia.

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

Programs

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

Energy and Mining

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. This includes providing 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. This program also provides overall strategic leadership of the transformation of the Whyalla steelworks and broader transition of the region's economic future and to facilitate the expansion of copper mining and processing in South Australia.

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.2. Objectives and programs (continued)

General / not attributable

This includes the receipt of appropriation funding for OHPSA in 2024, which was transferred through the grants and subsidies expenditure line, and cash alignment transfers.

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

Income and expenses by program

	Energy and Mining		Water Industry Technical and Safety Regulation		General / not attributable		Activity Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
Appropriation	45 283	46 423	-	-	-	126 911	45 283	173 334
Fees and charges	35 092	33 884	1	-	-	-	35 093	33 884
Grants and funding	1 964	4 677	-	-	-	-	1 964	4 677
Intra-government transfers	80 697	17 157	3 485	3 438	-	9 775	84 182	30 370
Interest	13	8	-	-	-	-	13	8
Sales of goods and services	7 092	6 240	-	-	-	-	7 092	6 240
Resources received free of charge	730	511	31	30	-	-	761	541
Recoveries	4 149	2 429	41	56	-	-	4 190	2 485
Other income	8 205	3 973	16	-	-	-	8 221	3 973
Total income	183 225	115 302	3 574	3 524	-	136 686	186 799	255 512
Expenses								
Employee related expenses	43 400	38 750	2 411	2 342	-	-	45 811	41 092
Supplies and services	57 937	40 749	1 187	1 062	-	-	59 124	41 811
Grants and subsidies	22 405	29 756	38	38	-	136 686	22 443	166 480
Depreciation and amortisation	3 254	3 266	117	114	-	-	3 371	3 380
Net loss from the disposal of non-current assets	-	42	-	-	-	-	-	42
Borrowing costs	18	17	3	1	-	-	21	18
Other expenses	2 324	2 231	35	31	-	-	2 359	2 262
Cash alignment transfers to Consolidated Account	-	-	-	-	-	2 140	-	2 140
Total expenses	129 338	114 811	3 791	3 588	-	138 826	133 129	257 225
Net result	53 887	491	(217)	(64)	-	(2 140)	53 670	(1 713)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.2. Objectives and programs (continued)

Assets and liabilities by program

	Energy and Mining		Water Industry Technical and Safety Regulation		Activity Total	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>						
Cash and cash equivalents	295 715	52 360	823	747	296 538	53 107
Receivables	11 600	4 870	301	218	11 901	5 088
Other non-financial assets	-	433	-	-	-	433
Property, plant and equipment	327 271	59 613	-	-	327 271	59 613
Intangible assets	20 538	13 211	-	-	20 538	13 211
Total assets	655 124	130 487	1 124	965	656 248	131 452
<u>Liabilities</u>						
Payables	22 094	14 831	648	210	22 742	15 041
Other financial liabilities	-	691	-	18	-	709
Employee related liabilities	14 996	12 878	833	778	15 829	13 656
Provisions	2 897	2 515	161	152	3 058	2 667
Security deposits	19 923	24 867	-	-	19 923	24 867
Other non-financial liabilities	1 199	2 482	35	35	1 234	2 517
Total liabilities	61 109	58 264	1 677	1 193	62 786	59 457

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.3. Changes to the department

Transferred in 2024-25

The *Public Sector (Abolition of Attached Offices) Proclamation 2025* (dated 1 May 2025) proclaimed that effective from 7 May 2025, the Office of Hydrogen Power South Australia and the Office of Northern Water Delivery are abolished. The *Public Sector (Transfer of Employees of Attached Offices to the Department for Energy and Mining) Notice 2025* proclaimed that effective from 7 May 2025, resources of the Office of Hydrogen Power South Australia and the Office of Northern Water Delivery will be transferred to the Department for Energy and Mining.

Total income and expenses attributable to the Office of Hydrogen Power South Australia for 2024-25 were:

	Office of Hydrogen Power South Australia 1 July 2024 to 7 May 2025	Department for Energy and Mining 7 May 2025 to 30 June 2025	Total
	\$'000	\$'000	\$'000
Appropriation	326 367	-	326 367
Intra-government transfers	320	-	320
Resources received free of charge	126	-	126
Recoveries	125	433	558
Total income	326 938	433	327 371
Employee related expenses	4 998	638	5 636
Supplies and services	19 450	9 474	28 924
Grants and subsidies	290	-	290
Depreciation expenses	6	-	6
Other expenses	85 707	-	85 707
Total expenses	110 451	10 112	120 563
Net result	216 487	(9 679)	206 808

Total income and expenses attributable to the Office of Northern Water Delivery for 2024-25 were:

	Office of Northern Water Delivery 1 July 2024 to 7 May 2025	Department for Energy and Mining 7 May 2025 to 30 June 2025	Total
	\$'000	\$'000	\$'000
Grants and funding	-	1 793	1 793
Intra-government transfers	-	62 600	62 600
Resources received free of charge	30	-	30
Other income	96	-	96
Total income	126	64 393	64 519
Employee related expenses	633	149	782
Other expenses	30	-	30
Total expenses	663	149	812
Net result	(537)	64 244	63 707

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.3. Changes to the department (continued)

Total following assets and liabilities for the Office of Hydrogen Power South Australia and Office of Northern Water Delivery for 2024-25 were transferred to the Department for Energy and Mining:

	Office of Hydrogen Power South Australia	Office of Northern Water Delivery	Total
	\$'000	\$'000	\$'000
Cash and cash equivalents	250 361	17 262	267 623
Receivables	229	30	259
Property, plant and equipment	123 504	64 989	188 493
Total assets	374 094	82 281	456 375
Payables	6 429	23 429	29 858
Employee related liabilities	1 275	88	1 363
Provisions	43	70	113
Total liabilities	7 747	23 587	31 334
Total net assets transferred	366 347	58 694	425 041

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2024-25 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original budget 2025 \$'000	Actual 2025 \$'000	Variance 2025 \$'000
	Note			
Statement of Comprehensive Income				
<u>Income</u>				
Appropriation	(a)	449 951	45 283	(404 668)
Fees and charges		32 045	35 093	3 048
Grants and funding		100	1 964	1 864
Intra-government transfers	(b)	47 878	84 182	36 304
Interest		-	13	13
Sales of goods and services		5 376	7 092	1 716
Resources received free of charge		-	761	761
Recoveries		977	4 190	3 213
Other income		3 810	8 221	4 411
Total income		540 137	186 799	(353 338)
<u>Expenses</u>				
Employee related expenses		46 951	45 811	(1 140)
Supplies and services		59 458	59 124	(334)
Grants and subsidies		25 411	22 443	(2 968)
Depreciation and amortisation		4 964	3 371	(1 593)
Borrowing costs		7	21	14
Other expenses		880	2 359	1 479
Total expenses		137 671	133 129	(4 542)
Net result		402 466	53 670	(348 796)
Other comprehensive income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	42 756	42 756
Total other comprehensive income		-	42 756	42 756
Total comprehensive result		402 466	96 426	(306 040)
Investing expenditure summary				
Total new projects		1 000	2 329	1 329
Total existing projects	(c)	413 616	41 827	(371 789)
Total annual programs		1 819	3 400	1 581
Total investing expenditure		416 435	47 556	(368 879)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

1.4. Budget performance (continued)

Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses, or where the department consider that provision of a variation explanation assists with interpretation and understanding of the financial statements.

As an attached office to the department, the activities of the Office of Hydrogen Power South Australia (OHPSA) were included in the original budget for 2024-25. However, separate financial statements were prepared for OHPSA for the period 1 July 2024 to 7 May 2025, with OHPSA's financial activity for this period not included in the department's financial statements. OHPSA was abolished on 7 May 2025, with its assets and liabilities, rights and obligations transferred to the department on that date. Financial transactions associated with the activities of the former OHPSA are included in the department's financial statements from 7 May 2025.

The Office of Northern Water Delivery (ONWD) was abolished on 7 May 2025 and its assets and liabilities, rights and obligations transferred to the department on that date. ONWD was not included in the original budget.

Income

a) The original budget for appropriation includes \$402.2 million funding for OHPSA, which was recognised by OHPSA in its financial statements for the period ending 7 May 2025.

b) The original budget for intra-government transfers excludes \$62.6 million approved amendments to reflect the transfer of the Northern Water Supply project to the department following the abolition of ONWD effective from 7 May 2025. This is partially offset by the inclusion of \$25 million in the original budget for OHPSA which was not received in 2025 due to timing changes on the Port Bonython Hydrogen Hub project.

Investing expenditure

(c) Existing projects are \$371.8 million below budget primarily due to:

- The original budget includes \$409.6 million for the Hydrogen Jobs Plan and the Port Bonython Hydrogen Hub investing projects. Actuals expenditure is disclosed in OHPSA's financial statements until the abolition of the office effective from 7 May 2025.
- Partly offset by \$37.8 million approved amendments after the original budget, including the transfer of the Northern Water Supply Project to the department following the abolition of ONWD effective from 7 May 2025, and adjustments to other projects.

1.5. Significant transactions with government related entities

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

- accommodation services supplied by the Department for Infrastructure and Transport is included in supplies and services – refer to note 4.2,
- transfer of appropriation funding received in 2023-24 for OHPSA is included in grants and subsidies – refer to note 4.4.

Department for Energy and Mining
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2. Board and committees

2.1. Key management personnel

Key management personnel of the department include the Minister for Energy and Mining (the Minister), Chief Executive and five members (2024: four) of the Executive Team.

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

	2025	2024
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 458	1 376
Post-employment benefits	338	347
Other long-term employment benefits	-	58
Total compensation	1 796	1 781

Transactions with key management personnel and other related parties

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

2.2. Board and committee members

Members during the 2025 financial year were:

Audit and Risk Committee

K Presser (Chair)
T Brumfield*
J Chapman
J Cirson*
S Moules*

Power Line Environment Committee

S Murray (Chair)
M Atkinson
C Donovan
M Hannan (appointed January 2025)
J Hendrikx (appointed June 2025)
D Smith*
J Wells (resigned August 2024)
C Dunn (resigned August 2024)
J Jochym (resigned June 2025)
T Xavier*

* In accordance with Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during the financial year, except one committee member who was provided an exemption by the Treasurer to receive remuneration.

The Audit and Risk Committee was shared with the Office of Hydrogen Power South Australia, prior to its abolition as an attached office effective from 7 May 2025. The committee is remunerated by the department and costs are recovered through a service level agreement with the Office of Hydrogen Power South Australia.

Department for Energy and Mining
Notes to and forming part of the financial statements
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2.2. Board and committee members (continued)

Committee remuneration

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

	2025	2024
\$0	6	7
\$1 - \$19 999	9	7
Total number of members	15	14

The total remuneration received or receivable by members was \$30 000 (2024: \$23 000). Of the fifteen members, nine were remunerated (2024: seven). Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

3. Income

3.1. Appropriation

Appropriations are recognised on receipt.

Appropriation pursuant to the annual Appropriation Act consists of \$45.3 million (2024: \$173.3 million) for operational funding. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act. The movement in appropriation between years primarily reflects the decrease in appropriation to the department of \$124.7 million from 2023-24 as a result of the Office of Hydrogen Power South Australia receiving direct appropriation in 2024-25.

3.2. Fees and charges

	2025	2024
	\$'000	\$'000
Mining and petroleum licence fees	32 369	32 313
Mining and petroleum non-licence fees	2 718	1 571
Other fees and charges	6	-
Total fees and charges	35 093	33 884

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

The department is responsible for the administration of licenses and other fees under the *Energy Resources Act 2000*, *Hydrogen and Renewable Energy Act 2023*, *Mining Act 1971* and *Opal Mining Act 1995*.

Effective 1 July 2024, the department changed its revenue recognition policy to recognise annual licensing fees as revenue at the point in time when the invoice is issued, including instances where a renewal assessment has not been finalised (provided certain conditions are met). Prior to this change, annual licensing fees for certain tenements were not recognised until the relevant tenement was renewed. The change in accounting treatment ensures that only one year of fee revenue is recognised every twelve months, preventing revenue recognition being unduly impacted by renewal timeframes. The amount of the adjustment included in the Statement of Comprehensive Income for 2024-25 is \$1.1 million, including \$0.6 million relating to prior periods. The department has not restated prior periods due to materiality.

Mining and petroleum licence fees

The department collects mining, petroleum and opal licence fees annually. Even though licences are generally issued for periods greater than one year, all licences are classified as short term in recognition of their non-cancellable and non-amendable period. Fee revenue is recognised at a single point in time when the licence is invoiced.

Department for Energy and Mining
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3.2. Fees and charges (continued)

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

	2025 \$'000	2024 \$'000
Revenues from contracts with customers, included in 'Receivables'	3 375	2 558
Contract liabilities	(1 151)	(1 893)
Total contract balances	2 224	665

Revenue totalling \$1.0 million (\$0.2 million) was recognised in 2024-25 that was included in contract liabilities at 1 July 2024. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

Contract liabilities primarily relate to payments of annual licence fees for exploration licences received prior to the granting of those licences, and amounts held by the department, relating to annual rental for mining leases, retention leases and miscellaneous purposes licences, to be distributed to eligible freehold landowners.

3.3. Grants and funding

	2025 \$'000	2024 \$'000
Commonwealth-sourced grants		
National Partnership - Northern Water (pre-construction) project	1 793	-
Greenhouse and Energy Minimum Standards (GEMS) Inspections	64	77
Progressing Energy Market Legislative Reform	57	-
Community Batteries for Household Solar	50	725
Co-contribution for the Mintabie Remediation Works	-	3 875
Total Commonwealth-sourced grants	1 964	4 677
Total grants and funding	1 964	4 677

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. Where the department receives the grant monies via the Department of Treasury and Finance (DTF), for accounting purposes the obligations under the funding arrangements do not sit with the department. Hence, where the delivery of the programs, or infrastructure does not align with payments received by the State, contract assets or liabilities will be recognised by DTF as the representative of the State of South Australia, not the department. This is the case with the National Partnership Agreement for the Northern Water (pre-construction) project.

Where the department receives the funding directly from the Commonwealth, the department is the representative of the State and the obligations under the funding arrangements rest with the department.

The Commonwealth has provided funding to the State in 2024-25 for the following purposes:

- Northern Water (pre-construction) project - aims to deliver a reliable and sustainable new commercial water source to meet the growing needs of a broad range of mining and other emerging industries. This would be achieved by construction of a seawater desalination plant drawing water from the Spencer Gulf, connected by a transfer pipeline to northern South Australia.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

3.3. Grants and funding (continued)

- 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*.
- Progressing Energy Market Legislative Reform - implementation of the legislative program associated with the national energy markets (in fulfilling South Australia's lead legislator role) and providing high-quality advice and support on associated legal and commercial policy issues relating to the following legislation: *National Electricity (South Australia) Act 1996*, including the National Electricity Law (NEL); *National Gas (South Australia) Act 2008*, including the National Gas Law (NGL) and *National Energy Retail Law (South Australia) Act 2012*, including National Energy Retail Law (NERL).
- Community Batteries for Household Solar - delivery of election commitments stream 1 to deliver community batteries at 56 locations selected by the Government.

3.4. Intra-government transfers

	2025 \$'000	2024 \$'000
Transfers received from other SA Government entities		
Northern Water (pre-construction) project	62 600	-
Industry licence fee allocation	15 848	12 834
Green Industry Fund	5 044	7 030
Other intra-government transfers	465	731
Recovery from the Department of Treasury and Finance	186	-
Office of Hydrogen Power South Australia	39	9 775
Total intra-government transfers	84 182	30 370

Intra-government transfers are recognised as income on receipt.

- The department received a \$62.6 million transfer from the Department of Treasury and Finance for the Northern Water (pre-construction) project.
- The industry licence fee allocation is the department's funding from licence fees on electricity and gas industry bodies in South Australia. Fees are determined by the Minister for Energy and Mining and are levied by the Essential Services Commission of South Australia.
- The Green Industry Fund contributes towards the department's climate change initiatives including the Grid Scale Storage Fund.

3.5. Sales of goods and services

Revenue from the sale of electricity \$7.1 million (2024: \$6.2 million) is revenue recognised from contracts with customers.

The department receives revenue from the sale of electricity in remote areas. Fees are set annually by the Minister, with residential and business tariffs aligned to the average of market offers provided by South Australian on-grid retailers and government tariffs set at full-cost recovery. 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.

The increase of \$0.9 million in electricity sales revenue is primarily activity based, reflecting an increased electricity consumption of around five percent, combined with a shift in the consumption mix from residential to business and government customers (\$0.7 million). The annual tariff review, which adjusted tariffs from 10 January 2025 in line with on-grid prices, also contributed to the year-on-year increase (\$0.2 million).

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

Department for Energy and Mining
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3.5. Sales of goods and services (continued)

Contract balances

	2025	2024
	\$'000	\$'000
Revenues from contracts with customers, included in 'Receivables'	638	696
Total contract balances	638	696

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

3.6. Resources received free of charge

	2025	2024
	\$'000	\$'000
Services received free of charge - Shared Services SA	469	411
ICT services and media monitoring received free of charge - DPC	142	130
Audit services received free of charge - Audit Office of South Australia	150	-
Total resources received free of charge	761	541

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

The department receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$0.5 million (2024: \$0.4 million), ICT services from the ICT and Digital Government and Media Monitoring areas in the Department of the Premier and Cabinet valued at \$0.1 million (2024: \$0.1 million) and audit services from the Audit Office of South Australia.

3.7. Recoveries

	2025	2024
	\$'000	\$'000
Other	3 207	1 556
Department for Environment and Water levy recovery	983	929
Total recoveries	4 190	2 485

Recoveries are revenue recognised from contracts with customers. Revenue is recognised at the time of receipt or upon recognition of a receivable. The Department for Environment and Water levy payment is recovered from industry (refer to note 4.6).

3.8. Other income

	2025	2024
	\$'000	\$'000
Support for the regulation of extractive mining operations	5 199	1 686
Fuel tax credits	2 458	2 225
Other income	564	62
Total other income	8 221	3 973

Fuel tax credits are recognised as income on receipt. Support for the regulation of extractive mining operations is recognised annually as income via a drawdown from the Extractive Areas Rehabilitation Fund in accordance with section 63 of the *Mining Act 1971*.

Department for Energy and Mining
Notes to and forming part of the financial statements
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4. Expenses

4.1. Employee related expenses

		2025	2024
	Note	\$'000	\$'000
Salaries and wages		34 040	31 017
Superannuation		4 620	4 108
Annual leave		3 245	2 787
Long service leave		1 126	909
Skills and experience retention leave		260	231
Workers' compensation		348	42
Committee fees - excluding on-costs	2.2	28	22
Other employee related expenses		2 144	1 976
Total employee related expenses		45 811	41 092

Departmental employees are employed under Part 7 of the *Public Sector Act 2009*.

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

Employee remuneration

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

	2025	2024
	Number	Number
\$166 001 to \$171 000*	-	2
\$171 001 to \$191 000^	6	4
\$191 001 to \$211 000	4	3
\$211 001 to \$231 000	4	6
\$231 001 to \$251 000	6	3
\$251 001 to \$271 000	4	3
\$271 001 to \$291 000^	1	-
\$291 001 to \$311 000	3	3
\$311 001 to \$331 000	2	1
\$411 001 to \$431 000	-	1
\$471 001 to \$491 000	1	-
Total	31	26

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2023-24.

^ This band includes employees that have received termination payments in 2024-25.

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

The total remuneration received by those employees for the year was \$7.4 million (2024: \$6.1 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
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4.2. Supplies and services

	2025	2024
	\$'000	\$'000
Contractors ^(a)	17 051	8 075
Consultants	11 258	2 723
Energy supply fuel and lubricants	8 095	8 279
Information technology and communication charges ^(b)	5 996	5 116
Office accommodation	4 472	4 118
Emergency generation and storage ^(c)	4 133	4 176
Office administration expenses	3 142	2 658
Travel and related expenses	1 607	1 302
Staff related expenses	1 013	1 092
Remote Area Energy Supply	885	934
Service recoveries	667	2 494
Marketing	418	695
Logistics	237	-
Audit fees ^(d)	150	149
Total supplies and services	59 124	41 811

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

(b) Information technology and communication charges include payments made to the Department of State Development and the Department of Primary Industries and Regions South Australia for the provision of corporate support and information communication technology support under service level agreements.

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

(d) Audit fees paid / payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* are now included as resources received free of charge under note 3.6.

Office accommodation

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangements issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of leases and are expensed accordingly. Information about accommodation incentives relating to this arrangement is shown at note 6.7.

Department for Energy and Mining
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4.3. Expenditure – SA business and non-SA business

The following table includes all expenditure in relation to contracts above \$55 000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 – *Procurement* (TI 18). Arrangements between public authorities and arrangements with other governments are not included.

Expenditure is inclusive of non-recoverable GST.

	2025	Proportion SA and non-SA businesses
	\$'000	
Total expenditure with South Australian businesses	25 594	47%
Total expenditure with non-South Australian businesses	28 394	53%
		100%

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the department, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

4.4. Grants and subsidies

	2025	2024
	\$'000	\$'000
Remote Area Energy Supply	6 423	7 528
Grid Scale Storage Fund	5 074	5 091
Other grants and subsidies	4 667	5 847
Jobs and Economic Growth Fund	3 251	5 542
Australian Energy Market Commission	2 910	2 793
Renewable Technology Fund	118	89
Office of Hydrogen Power South Australia	-	136 686
Demand Management	-	2 904
Total grants and subsidies	22 443	166 480

Department for Energy and Mining
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4.5. Net loss from the disposal of non-current assets

	2025 \$'000	2024 \$'000
<u>Plant and equipment and other non-current assets</u>		
Net proceeds from disposal	-	67
Less net book value of assets disposed	-	(109)
Net loss from the disposal of plant and equipment	-	(42)
Total loss from the disposal of non-current assets	-	(42)

4.6. Other expenses

	2025 \$'000	2024 \$'000
Department for Environment and Water levy	983	929
Resources provided free of charge	611	541
Donated current assets	433	481
Bad and doubtful debts	336	160
Asset derecognition	20	-
Other expenses	3	178
Accommodation incentive amortisation	(27)	(27)
Total other expenses	2 359	2 262

The Department for Environment and Water levy payment is recovered from industry (refer to note 3.7). Donated current assets are transfers of batteries under the Energy Storage Acquisition and Deployment project deploying energy storage on agency properties and bushfire affected households. This relates to transfers predominantly to the Country Fire Service, South Australia Police Department and South Australian Housing Authority.

Department for Energy and Mining
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5. Assets

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

5.1. Financial assets

	2025	2024
	\$'000	\$'000
Cash and cash equivalents	296 538	53 107
Contractual receivables	4 255	3 014
Total financial assets	300 793	56 121

All financial assets are measured at amortised cost.

5.2. Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Deposits with the Treasurer	292 880	49 449
Deposits with the Treasurer – Accrual Appropriation	3 658	3 658
Total cash and cash equivalents in the Statement of Financial Position	296 538	53 107
Total cash and cash equivalents in the Statement of Cash Flows	296 538	53 107

Cash is measured at nominal amounts. Deposits with the Treasurer include cash held as security deposits (refer to note 6.6).

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

5.3. Receivables

	2025	2024
<u>Current</u>	\$'000	\$'000
Contractual receivables		
Receivables from sale of goods and services	4 895	3 320
Less impairment loss	(640)	(306)
Total contractual receivables	4 255	3 014
Statutory receivables		
GST input tax recoverable	5 997	1 304
Total statutory receivables	5 997	1 304
Prepayments	636	282
Accrued revenue	991	476
Other receivables	22	12
Total other current receivables	1 649	770
Total current receivables	11 901	5 088
Total receivables	11 901	5 088

Department for Energy and Mining
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5.3. Receivables (continued)

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

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

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

The net amount of GST recoverable from the ATO is included as part of receivables, consistent with 2024.

Receivables, prepayments, and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Allowance for impairment loss on receivables

	2025	2024
	\$'000	\$'000
Carrying amount at the beginning of the period	(306)	(170)
Increase in the allowance	(334)	(136)
Carrying amount at the end of the period	(640)	(306)

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

Refer to note 9.2 for details regarding credit risk and the methodology for determining impairment.

Financial Instruments

Financial instrument receivables, at amortised cost, are \$1.9 million (2024: \$0.9 million).

In government, certain rights to receive cash may not be contractual, but have their source in legislation, therefore the disclosure requirements of AASB 7 *Financial Instruments* will not apply. For the department, these statutory receivables include fees and charges levied under the *Mining Act 1971*, *Energy Resources Act 2000*, *Opal Mining Act 1995* and *Hydrogen and Renewable Energy Act 2023* and GST input tax recoverable. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes. Statutory receivables are \$9.4 million (2024: \$3.8 million)

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

Department for Energy and Mining
Notes to and forming part of the financial statements
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5.4. Property, plant and equipment owned by the department

Property, plant and equipment with a value equal to, or in excess of, \$10 000 is capitalised, otherwise it is expensed with the exception of works of art. Works of art are capitalised irrespective of their value. Property, plant and equipment owned by the department is recorded at fair value. Details about the department's approach to fair value is set out in note 9.1.

Plant and equipment includes \$0.9 million (2024: \$3.7 million) of fully depreciated plant and equipment still in use.

Impairment

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

Depreciation

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

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

Depreciation is calculated on a straight-line basis over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings	10-65
Accommodation improvements	Life of lease
Plant and equipment	1-60
Solar plant and equipment	20

Department for Energy and Mining
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5.4. Property, plant and equipment owned by the department (continued)

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

The following table shows the movement of property, plant and equipment owned or leased by the department during 2024-25:

	Plant and equipment	Solar plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	ROU vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2024	12 352	9 355	26 350	7 208	54	3 593	701	59 613
Additions	1 275	36	295	12 542	1	25 957	247	40 353
Disposals	-	-	-	-	-	-	-	-
Asset derecognition	(20)	-	-	-	-	-	(676)	(696)
Revaluation increment	16 989	-	13 290	12 477	-	-	-	42 756
Transfers between asset class	2 623	6 043	1 297	-	-	(9 963)	-	-
Depreciation	(1 428)	(526)	(1 022)	-	-	-	(272)	(3 248)
Net assets transferred by proclamation	-	-	-	32	-	188 461	-	188 493
Carrying amount as at 30 June 2025	31 791	14 908	40 210	32 259	55	208 048	-	327 271
Gross carrying amount								
Gross carrying amount	50 248	15 970	46 844	32 259	55	208 048	-	353 424
Accumulated depreciation	(18 457)	(1 062)	(6 634)	-	-	-	-	(26 153)
Carrying amount as at 30 June 2025	31 791	14 908	40 210	32 259	55	208 048	-	327 271

Department for Energy and Mining
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5.4. Property, plant, and equipment owned by the department (continued)

The following table shows the movement of property, plant and equipment owned or leased by the department during 2023-24:

	Plant and equipment	Solar plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	ROU vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2023	20 903	-	27 046	7 208	54	717	415	56 343
Additions	1 594	-	168	-	-	4 102	509	6 373
Disposals	(109)	-	-	-	-	-	-	(109)
Transfers between asset class	(8 720)	9 850	96	-	-	(1 226)	-	-
Depreciation	(1 316)	(495)	(960)	-	-	-	(223)	(2 994)
Carrying amount as at 30 June 2024	12 352	9 355	26 350	7 208	54	3 593	701	59 613
Gross carrying amount								
Gross carrying amount	23 396	9 891	30 486	7 208	54	3 593	1 098	75 726
Accumulated depreciation	(11 044)	(536)	(4 136)	-	-	-	(397)	(16 113)
Carrying amount as at 30 June 2024	12 352	9 355	26 350	7 208	54	3 593	701	59 613

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5.5. Property, plant and equipment leased by the department

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

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

The lease liabilities related to the right-of-use assets are disclosed on the Statement of Financial Position. The department's maturity analysis of its lease liabilities is disclosed in note 6.1. Expenses related to right-of use assets, including interest and depreciation expenses, are disclosed on the Statement of Comprehensive Income. Cash outflows related to right-of-use assets are disclosed in note 7.2.

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

Effective from 1 April 2025, South Australian Government Financing Authority (SAFA) issued new lease agreements which included a clause that would give SAFA substantive substitution rights on vehicles. Consequently, lessee agencies are no longer required to recognise ROU assets and liabilities relating to the motor vehicle leases on their balance sheets. Lease charges will instead be recognised as an operating expense.

Department for Energy and Mining
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5.6. Intangible assets

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

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

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

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2024-25:

	Intangibles software	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2024	469	12 742	13 211
Additions	-	7 450	7 450
Amortisation	(123)	-	(123)
Carrying amount as at 30 June 2025	346	20 192	20 538
Gross carrying amount			
Gross carrying amount	5 214	20 192	25 406
Accumulated amortisation	(4 868)	-	(4 868)
Carrying amount as at 30 June 2025	346	20 192	20 538

The following table shows the movement of intangible assets during 2023-24:

	Intangibles software	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2023	392	7 054	7 446
Additions	-	6 151	6 151
Amortisation	(386)	-	(386)
Transfers	463	(463)	-
Carrying amount as at 30 June 2024	469	12 742	13 211
Gross carrying amount			
Gross carrying amount	5 537	12 742	18 279
Accumulated amortisation	(5 068)	-	(5 068)
Carrying amount as at 30 June 2024	469	12 742	13 211

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

6. Liabilities

6.1. Financial liabilities

	2025	2024
	\$'000	\$'000
Financial liabilities measured at amortised cost		
Contractual payables	22 742	15,041
Lease liabilities	-	709
Total financial liabilities	22 742	15 750

6.2. Payables

	2025	2024
	\$'000	\$'000
<u>Current</u>		
Contractual payable		
Creditors and accrued expenses	22 742	15 041
Total current payables	22 742	15 041
Total payables	22 742	15 041

Payables and accrued expenses are recognised for all amounts owing but unpaid. All payables are non-interest bearing.

Contractual payables

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Statutory payables

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents, as well as statutory fees and charges.

The net amount of GST recoverable from the ATO is included as part of receivables in 2025.

6.3. Other financial liabilities

All financial liabilities relate to leases.

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

	2025	2024
	\$'000	\$'000
Financial liabilities		
1 to 3 years	-	684
3 to 5 years	-	66
Total financial liabilities (undiscounted)	-	750

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or the Department of Treasury and Finance's incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year.

Interest expense on lease liabilities was \$21 500 (2024: \$17 700).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

6.4. Employee related liabilities

	2025 \$'000	2024 \$'000
<u>Current</u>		
Annual leave	4 002	3 299
Employment on-costs	1 057	846
Long service leave	402	388
Skills and experience retention leave	331	298
Accrued salaries and wages	295	10
Total current employee related liabilities	6 087	4 841
<u>Non-current</u>		
Long service leave	8 817	7 994
Employment on-costs	925	821
Total non-current employee related liabilities	9 742	8 815
Total employee related liabilities	15 829	13 656

Employee related liabilities accrue as a result of services provided up to the reporting date that remain unpaid. Non-current employee related liabilities are measured at present value and current employee related liabilities are measured at their nominal amounts.

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

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

The salary inflation rate for annual leave and SERL leave liability has increased from 2.4% (2024) to 3.2% (2025).

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

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

Long service leave

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

6.4. Employee related liabilities (continued)

Long service leave liability – measurement

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are 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.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has remained the same as last year at 4.25%.

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

The actuarial assessment performed by the Department of Treasury and Finance has resulted in the same salary inflation rate as last year of 3.5% for long service leave liability.

The current portion of employee related liabilities reflects the amount for which the department does not have right to defer settlement for at least 12 months after reporting date. For long service leave, the amount relates to leave approved before year end that will be taken within 12 months, expected amount of leave to be approved and taken by eligible employees within 12 months, and expected amount of leave to be paid on termination to eligible employees within 12 months.

Employment on-costs

Employment on-costs include payroll tax, ReturntoWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained the same as last year at 44%. The average factor for the calculation of employer superannuation on-costs has increased from the 2024 rate of 11.5% to 12%. These rates are used in the employment on-cost calculation. The impact on 2025 is \$0.02 million and cannot be reliably estimated for future years.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

6.5. Provisions

All provisions relate to workers compensation.

	2025 \$'000	2024 \$'000
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount as at 1 July	2 667	2 994
Additional provisions recognised as a result of restructure activities	113	-
Increase / (decrease) in provisions recognised	351	(233)
Reductions resulting from payments	(73)	(94)
Carrying amount as at 30 June	3 058	2 667

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2025 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

6.6. Security deposits

Security deposits are received to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of mining operations. Cash deposits are classified as security deposits. Security deposits held total \$19.9 million (2024: \$24.9 million). The value of securities held in the form of bank guarantees are reflected as a contingent asset as the department only has claim on these funds if the mining operator fails to meet its legislative requirements.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

6.7. Other non-financial liabilities

	2025	2024
	\$'000	\$'000
<u>Current</u>		
Contract liabilities	1 151	1 893
Other	40	553
Accommodation incentive	27	27
Total current other liabilities	1 218	2 473
<u>Non-current</u>		
Accommodation incentive	16	44
Total non-current other liabilities	16	44
Total other non-financial liabilities	1 234	2 517

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

	2025	2024
	\$'000	\$'000
Other liabilities		
1 to 3 years	1 234	2 517
Total other liabilities (undiscounted)	1 234	2 517

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 3.2 for further detail.

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

7. Other disclosures

7.1. 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.

7.2. Cash flow

	2025 \$'000	2024 \$'000
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by operating activities	26 189	7 185
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(3 371)	(3 380)
Amortisation of lease incentive	27	27
Asset derecognition	(20)	-
Bad and doubtful debts expense	(336)	(160)
Resources received free of charge	761	541
Resources provided free of charge	(611)	(541)
Donated assets	(433)	(481)
(Loss) from the disposal of non-current assets	-	(42)
Net cash provided by operating activities before change in assets and liabilities	22 206	3 149
<u>Movement in assets and liabilities</u>		
Increase in receivables	6 890	282
Decrease / (increase) in payables	19 464	(4 029)
Decrease / (increase) in other liabilities	1 256	(408)
(Increase) / decrease in provisions	(391)	327
Decrease / (increase) in security deposits	4 944	(617)
(Increase) in employee related liabilities	(699)	(424)
Decrease in financial liabilities	-	7
Net result	53 670	(1 713)

Total cash outflows for leases were \$0.3 million (2024: \$0.4 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

8. Outlook

8.1. Unrecognised commitments

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

Contractual commitments to acquire property, plant and equipment

	2025	2024
	\$'000	\$'000
Within one year	128 913	9 652
Later than one year but not later than five years	15 277	-
Total capital commitments	144 190	9 652

The department's capital commitments are primarily related to the emPowering SA Community Battery Project, Remote Area Energy Supply Generator Replacement Programs and residual obligations as part of the Hydrogen Jobs Plan.

Other contractual commitments

	2025	2024
	\$'000	\$'000
Within one year	33 643	40 205
Later than one year but not later than five years	50 476	32 450
Later than five years	65	100
Total expenditure commitments	84 184	72 755

The department's other contractual commitments are primarily for contracts for delivery of the Whyalla Steelworks Industrial Transformation Unit objectives, the Port Bonython Hydrogen Hub, remaining obligations as part of the Hydrogen Jobs Plan deferral, Remote Area Energy Supply, grant agreements, office accommodation and other expenditure contracts.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

8.2. Contingent assets and liabilities

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

Contingent assets

The department receives securities in accordance with Acts administered by the department. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as bank guarantees as at 30 June 2025 is approximately \$412 million (2024: approximately \$365 million). The department only has a claim on these funds if the licensee fails to perform their legislative requirements.

Contingent liabilities

The department sustains some non-quantifiable contingent liability related to potential litigation from interpretation of past regulatory decisions based on standard of operation applicable at the time. Additionally, there remains the possibility of historic contamination, and or environmental liability where the department no longer administers an active lease or licence or has retained a level of financial assurance to manage impacts. While past administration of the Acts tenders some exposure to potential liabilities that sits with the crown, current legislation, policy, and regulatory frameworks seek to remedy this through lease and licence conditions that require adequate financial assurance and rehabilitation prior to the surrender application, minimising the likelihood of any future risk of liability. The financial impact, if any, cannot be reliably estimated at 30 June 2025.

The department has a contingent liability estimated at \$87.4 million at 30 June 2025 for ElectraNet's construction of transmission infrastructure in the Upper Spencer Gulf. The amount payable by the State Government through monthly fees to be invoiced by ElectraNet, is contingent on final costs upon completion of the construction works and the extent of future contributions associated with third-party utilisation of ElectraNet's assets.

8.3. Impact of standards and statements not yet effective

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

8.4. Events after the reporting period

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

9. Measurement and risk

9.1. Fair value

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

Initial recognition

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

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

Revaluation

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

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

AASB 116 *Property, Plant and Equipment* requires assets to be revalued with sufficient regularity to ensure that the carrying amount does not materially differ from fair value at the end of the reporting period. The Treasurer's Instructions (Accounting Policy Statements – APS 116.E) further requires that for each asset subject to revaluation, a public authority must at least every six years obtain a valuation appraisal from a qualified valuer.

An independent revaluation of the department's fixed asset register is undertaken at least every six years, however, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Fair value hierarchy

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

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly); and
- Level 3 - not traded in an active market and are derived from unobservable inputs.

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

Following revaluation at 30 June 2025, land and buildings are now classified as level 2 and 3, while all plant and equipment remains classified as level 3.

At 30 June 2024, all land was classified at level 2, while all buildings, plant and equipment were classified as level 3.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

9.1. Fair value (continued)

Land and buildings

An independent valuation of land and buildings owned by the department was performed across May and June 2025 by a Certified Practising Valuer from Marsh Valuation Services, with asset values determined as at 30 June 2025. In 2024-25, the department also undertook a line-by-line analysis of the ledger as part of the annual asset stocktake and insurance processes.

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

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

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

Values were determined by first utilising data from contemporary construction cost databases to establish their estimated cost to replace with an equivalent new asset, less the estimated depreciation for their physical, functional and economic obsolescence.

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

Plant and equipment

Plant and equipment have also been revalued by Marsh Valuation Services as at 30 June 2025 in accordance with AASB 116 and APS 116.E.

Given the specialised nature of the department's assets, the valuation was undertaken using the cost approach and straight-line depreciation.

Where the fair value of an asset is not able to be reliably determined using market-based evidence, the cost approach is considered to be the most appropriate surrogate basis to determine fair value. The cost approach involves the establishment of the gross current replacement cost of each asset, which is then depreciated over its normal useful life to reflect its effective age, given due regard to an estimated end-of-life residual value. In determining the fair value of each asset, the depreciated current replacement cost of each asset takes into account its physical, functional and economic obsolescence.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

9.1. Fair value (continued)

Works of art

Works of art have not been revalued in accordance with APS 116 D. The carrying amount of these items are deemed to approximate fair value.

9.2. Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to notes 5.2 and 5.3 for further information.

Credit risk

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

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

Impairment of financial assets - receivables

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

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

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

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

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

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Loss rates are based on actual history of credit loss. These rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

9.2. Financial instruments (continued)

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 based on payment history and therefore 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 TI 23 *Management of Foreign Currency Exposures*.

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

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 2025

10. 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:

	2025 \$'000	2024 \$'000
<u>Income</u>		
Royalties	3 884	3 752
Total income	3 884	3 752
<u>Expenses</u>		
Extractive industries contribution	5 199	1 686
Rehabilitation costs	891	333
Other expenses	19	8
Total expenses	6 109	2 027
Net result	(2 225)	1 725
Total comprehensive result	(2 225)	1 725
	2025 \$'000	2024 \$'000
<u>Current assets</u>		
Cash	36 180	37 551
Total assets	36 180	37 551
<u>Current liabilities</u>		
Payables	854	-
Total liabilities	854	-
Net assets	35 326	37 551
<u>Equity</u>		
Net receipts	(2 225)	1 725
Retained earnings	37 551	35 826
Fund balance at the end of the period	35 326	37 551

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

Administered Financial Statements

For the year ended 30 June 2025

Department for Energy and Mining
Certification of the Administered Financial Statements
for the year ended 30 June 2025

We certify that the:

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



Paul Martyn
Chief Executive, PSM

12 September 2025



Will Pasten
Director, Commercial

12 September 2025

Department for Energy and Mining
Statement of Administered Comprehensive Income
for the year ended 30 June 2025

	2025	2024
	\$'000	\$'000
<u>Administered income</u>		
Royalties	405 461	422 487
Other income	13 888	5 564
Total administered income	419 349	428 051
<u>Administered expenses</u>		
Payment of royalties to the Consolidated Account	405 461	422 487
Other expenses	3 026	4 549
Total administered expenses	408 487	427 036
Net result	10 862	1 015
Total comprehensive result	10 862	1 015

The accompanying notes form part of these financial statements.

Department for Energy and Mining
Statement of Administered Financial Position
as at 30 June 2025

	2025 \$'000	2024 \$'000
<u>Administered current assets</u>		
Cash and cash equivalents	53 365	39 894
Receivables	2 800	369
Total current assets	56 165	40 263
Total assets	56 165	40 263
<u>Administered current liabilities</u>		
Payables	44 364	39 324
Total current liabilities	44 364	39 324
Total liabilities	44 364	39 324
Net assets	11 801	939
<u>Administered equity</u>		
Retained earnings	11 801	939
Total equity	11 801	939

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

Department for Energy and Mining
Statement of Administered Cash Flows
for the year ended 30 June 2025

	2025	2024
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
<u>Cash inflows</u>		
Royalties receipts	404 629	422 451
Other receipts	13 071	5 564
<u>Cash outflows</u>		
Other payments	(3 519)	(4 879)
Payment of royalties to the Consolidated Account	(400 710)	(422 216)
Net cash provided by operating activities	13 471	920
Net increase in cash and cash equivalents	13 471	920
Cash and cash equivalents at the beginning of the period	39 894	38 974
Cash and cash equivalents at the end of the period	53 365	39 894

The accompanying notes form part of these financial statements.

Department for Energy and Mining
Schedule of Income and Expenses Attributable to Administered Activities
for the year ended 30 June 2025

	Royalties		Native Title Agreement		Mining Rehabilitation Fund	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>						
Royalties	405 461	422 487	-	-	-	-
Other income	-	-	3 026	4 549	-	232
Total administered income	405 461	422 487	3 026	4 549	-	232
<u>Administered expenses</u>						
Payment of royalties to the Consolidated Account	405 461	422 487	-	-	-	-
Other expenses	-	-	3 026	4 549	-	-
Total administered expenses	405 461	422 487	3 026	4 549	-	-
Net result	-	-	-	-	-	232

	Legacy Liabilities		Gas Security		Total	
	Facility		Infrastructure Fund			
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>						
Royalties	-	-	-	-	405 461	422 487
Other income	862	783	10 000	-	13 888	5 564
Total administered income	862	783	10 000	-	419 349	428 051
<u>Administered expenses</u>						
Payment of royalties to the Consolidated Account	-	-	-	-	405 461	422 487
Other expenses	-	-	-	-	3 026	4 549
Total administered expenses	-	-	-	-	408 487	427 036
Net result	862	783	10 000	-	10 862	1 015

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

A1. Basis of preparation and accounting policies

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

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

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

Royalties

The department receives royalties levied on minerals and petroleum production on behalf of the State Government. Royalties receipts are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1958*, *Mining Act 1971* and the *Energy Resources Act 2000*. Royalties receipts are returned to the Consolidated Account in the month following collection. Cash held at 30 June 2025 was \$42.1 million.

Native Title Agreement

The department collects revenue via a levy equivalent to 11% (10% plus 1% GST) where petroleum is produced from lands subject to the *Native Title Act 1993*. The amount collected is offset by payments made to the relevant Aboriginal Councils.

Mining Rehabilitation Fund

Penalties and expiation fees imposed under the *Mining Act 1971* are allocated to the Mining Rehabilitation Fund to support instances where resources are required should miners not achieve appropriate environmental outcomes on the surrender of operations.

Energy Resources Act Legacy Liabilities Facility

The department collects a fee for inactive wells from licensed petroleum and geothermal activities. These fees are used to decommission and rehabilitate legacy wells or infrastructure that have no attributable owner due to bankruptcy or insolvency.

Gas Security Infrastructure Fund

Funding contributions received into this fund, including those associated with Good Standing Agreements under the *Commonwealth Offshore Petroleum and Greenhouse Gas Storage Act 2006*, will be used to support studies, projects and other activities that will assist with meeting South Australia's energy needs and the achievement of the state's greenhouse gas emissions reduction targets. Cash held at 30 June 2025 was \$10 million.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2025

A3. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2024-25 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2025 \$'000	Actual 2025 \$'000	Variance \$'000
Statement of Administered Comprehensive Income			
<u>Administered income</u>			
Royalties	422 902	405 461	(17 441)
Other income	3 153	13 888	10 735
Total administered income	426 055	419 349	(6 706)
<u>Administered expenses</u>			
Payment of royalties to the Consolidated Account	422 902	405 461	(17 441)
Other expenses	3 153	3 026	(127)
Total administered expenses	426 055	408 487	(17 568)
Net result	-	10 862	10 862
Total comprehensive result	-	10 862	10 862

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses. There are no material variances.