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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 2026.

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 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2026
- a Statement of Administered Financial Position as at 30 June 2026
- a Statement of Administered Cash Flows for the year ended 30 June 2026
- 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 2026.

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

22 September 2026

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

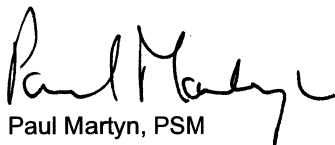
Financial Statements

For the year ended 30 June 2026

Department for Energy and Mining
Certification of the Financial Statements
for the year ended 30 June 2026

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 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, PSM
Chief Executive

14 September 2026



William Pasten
Director, Commercial

11 September 2026

Department for Energy and Mining
Statement of Comprehensive Income
for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
<u>Income</u>			
Appropriation	3.1	67 745	45 283
Fees and charges	3.2	35 368	35 093
Grants and funding	3.3	24 174	2 003
Intra-government transfers	3.4	21 249	84 182
Interest		13	13
Sales of goods and services	3.5	7 400	7 092
Resources received free of charge	3.6	769	761
Net gain from the disposal of property, plant and equipment	3.7	10	-
Recoveries	3.8	8 813	4 190
Other income	3.9	3 944	8 182
Total income		169 485	186 799
<u>Expenses</u>			
Employee related expenses	4.1	50 042	45 811
Supplies and services	4.2	63 743	59 124
Grants and subsidies	4.3	14 806	22 443
Depreciation and amortisation	5.4, 5.6	8 420	3 371
Borrowing costs		-	21
Other expenses	4.4	10 014	2 359
Payments to Consolidated Account		7 200	-
Total expenses		154 225	133 129
Net result		15 260	53 670
<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	(7)	42 756
Total other comprehensive income		(7)	42 756
Total comprehensive result		15 253	96 426

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 2026

	Note	2026 \$'000	2025 \$'000
<u>Current assets</u>			
Cash and cash equivalents	5.2	181 731	296 538
Receivables	5.3	12 232	11 901
Total current assets		193 963	308 439
<u>Non-current assets</u>			
Property, plant and equipment	5.4	450 765	327 271
Intangible assets	5.6	20 991	20 538
Total non-current assets		471 756	347 809
Total assets		665 719	656 248
<u>Current liabilities</u>			
Payables	6.2	10 197	22 742
Employee related liabilities	6.3	7 048	6 087
Provisions	6.4	370	279
Security deposits	6.5	26 414	19 923
Other non-financial liabilities	6.6	1 694	1 218
Total current liabilities		45 723	50 249
<u>Non-current liabilities</u>			
Employee related liabilities	6.3	9 253	9 742
Provisions	6.4	2 028	2 779
Other non-financial liabilities	6.6	-	16
Total non-current liabilities		11 281	12 537
Total liabilities		57 004	62 786
Net assets		608 715	593 462
<u>Equity</u>			
Retained earnings		531 762	516 502
Asset revaluation surplus		45 975	45 982
Contributed capital		30 978	30 978
Total equity		608 715	593 462

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 2026

	Retained earnings \$'000	Asset revaluation surplus \$'000	Contributed capital \$'000	Total equity \$'000
Balance as at 1 July 2024	37 791	3 226	30 978	71 995
<u>Net result for 2024-25</u>	53 670	-	-	53 670
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 by proclamation	425 041	-	-	425 041
Balance as at 30 June 2025	516 502	45 982	30 978	593 462
<u>Net result for 2025-26</u>	15 260	-	-	15 260
Loss on revaluation of property, plant and equipment	-	(7)	-	(7)
Total comprehensive result 2025-26	15 260	(7)	-	15 253
Balance as at 30 June 2026	531 762	45 975	30 978	608 715

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 2026

		2026	2025
	Note	\$'000	\$'000
<u>Cash flows from operating activities</u>			
<u>Cash inflows</u>			
Appropriation		67 745	45 283
Fees and charges		37 807	35 090
Intra-government transfers		21 249	84 182
Grants and funding		24 143	1 964
Interest		13	13
Sales of goods and services		7 393	7 092
Net GST recovered from ATO		17 357	22 503
Receipts of security deposits		6 693	2 044
Net receipts from paid parental leave scheme		135	30
Other receipts		8 577	10 489
<u>Cash outflows</u>			
Employee related expenses		(50 353)	(44 830)
Supplies and services		(95 756)	(104 934)
Grants and subsidies		(17 847)	(24 733)
Refunds of security deposits		(202)	(6 988)
Payments to Consolidated Account		(7 200)	-
Net GST paid to ATO		-	-
Payments for paid parental leave scheme		(130)	(33)
Other payments		(1 014)	(983)
Net cash provided by operating activities	7.2	18 610	26 189
<u>Cash flows from investing activities</u>			
<u>Cash inflows</u>			
Proceeds from sale of property, plant and equipment and other assets		12	-
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(133 429)	(50 124)
Net cash (used in) investing activities		(133 417)	(50 124)
<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)
Net cash provided by financing activities		-	267 366
Net (decrease) / increase in cash and cash equivalents		(114 807)	243 431
Cash at the beginning of the period		296 538	53 107
Cash at the end of the period	5.2	181 731	296 538

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 2026

1. About the Department for Energy and Mining

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

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

Administered items

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

1.1. Basis of preparation

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

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

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).

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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.

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

1.2. Objectives and programs (continued)

Income and expenses by program

	Energy and Mining		Water Industry Technical and Safety Regulation		Activity Total	
	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Income</u>						
Appropriation	67 745	45 283	-	-	67 745	45 283
Fees and charges	35 368	35 092	-	1	35 368	35 093
Grants and funding	24 174	2 003	-	-	24 174	2 003
Intra-government transfers	17 651	80 697	3 598	3 485	21 249	84 182
Interest	13	13	-	-	13	13
Sales of goods and services	7 400	7 092	-	-	7 400	7 092
Resources received free of charge	740	730	29	31	769	761
Net gain from the disposal of property, plant and equipment	10	-	-	-	10	-
Recoveries	8 797	4 149	16	41	8 813	4 190
Other income	3 943	8 166	1	16	3 944	8 182
Total income	165 841	183 225	3 644	3 574	169 485	186 799
<u>Expenses</u>						
Employee related expenses	47 350	43 400	2 692	2 411	50 042	45 811
Supplies and services	62 184	57 937	1 559	1 187	63 743	59 124
Grants and subsidies	14 791	22 405	15	38	14 806	22 443
Depreciation and amortisation	7 967	3 254	453	117	8 420	3 371
Borrowing costs	-	18	-	3	-	21
Other expenses	9 964	2 324	50	35	10 014	2 359
Payments to Consolidated Account	7 200	-	-	-	7 200	-
Total expenses	149 456	129 338	4 769	3 791	154 225	133 129
Net result	16 385	53 887	(1 125)	(217)	15 260	53 670

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

1.2. Objectives and programs (continued)

Assets and liabilities by program

	Energy and Mining		Water Industry Technical and Safety Regulation		Activity Total	
	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>						
Cash and cash equivalents	175 836	295 715	5 895	823	181 731	296 538
Receivables	11 794	11 600	438	301	12 232	11 901
Property, plant and equipment	450 765	327 271	-	-	450 765	327 271
Intangible assets	20 991	20 538	-	-	20 991	20 538
Total assets	659 386	655 124	6 333	1 124	665 719	656 248
<u>Liabilities</u>						
Payables	9 866	22 094	331	648	10 197	22 742
Employee related liabilities	15 430	14 996	871	833	16 301	15 829
Provisions	2 269	2 897	129	161	2 398	3 058
Security deposits	26 414	19 923	-	-	26 414	19 923
Other non-financial liabilities	1 639	1 199	55	35	1 694	1 234
Total liabilities	55 618	61 109	1 386	1 677	57 004	62 786

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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 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 2026

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2025-26 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 2026 \$'000	Actual 2026 \$'000	Variance \$'000
	Note			
Statement of Comprehensive Income				
<u>Income</u>				
Appropriation		68 285	67 745	(540)
Fees and charges		34 200	35 368	1 168
Grants and funding	(a)	37 026	24 174	(12 852)
Intra-government transfers		22 994	21 249	(1 745)
Interest		-	13	13
Sales of goods and services		6 297	7 400	1 103
Resources received free of charge		2 967	769	(2 198)
Net gain from the disposal of property, plant and equipment		-	10	10
Recoveries	(b)	34 072	8 813	(25 259)
Other income		3 889	3 944	55
Total income		209 730	169 485	(40 245)
<u>Expenses</u>				
Employee related expenses		48 285	50 042	1 757
Supplies and services	(c)	41 721	63 743	22 022
Grants and subsidies	(d)	21 467	14 806	(6 661)
Depreciation and amortisation		5 626	8 420	2 794
Other expenses	(e)	981	10 014	9 033
Payments to Consolidated Account		-	7 200	7 200
Total expenses		118 080	154 225	36 145
Net result		91 650	15 260	(76 390)
<u>Other comprehensive income</u>				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	(7)	(7)
Total other comprehensive income		-	(7)	(7)
Total comprehensive result		91 650	15 253	(76 397)

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

1.4 Budget performance (continued)

		Original budget 2026 \$'000	Actual 2026 \$'000	Variance \$'000
	Note			
Investing expenditure summary				
Total new projects	(f)	17 830	4 959	(12 871)
Total existing projects	(g)	68 288	131 811	63 523
Total annual programs		2 076	3 226	1 150
Total investing expenditure		88 194	139 996	51 802

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 considers that provision of a variation explanation assists with interpretation and understanding of the financial statements.

Income

a) Grants and funding revenue was \$12.9 million below the original budget, primarily due to changes in the revenue recognition and timing for Northern Water Project (\$8.7 million) and emPowering SA Community Batteries Project (\$3.9 million), with revenue reprofiled to align with revised project schedules.

b) Recoveries income was \$25.3 million below the original budget, primarily due to changes in the revenue recognition for Northern Water Project (\$21.3 million) from recoveries to grants and funding revenue.

Expenses

c) Supplies and services expenditure was \$22.0 million above the original budget, primarily due to expenditure reprofile and approved carryovers for several time-limited projects and initiatives, including turbine disposal, the Firm Energy Reliability Mechanism, the Remote Area Energy Supply program and the Whyalla Steelworks Industrial Transformation Unit.

d) Grants and subsidies were \$6.7 million below the original budget primarily due to updates to several time-limited projects and initiatives.

e) Other expenses was \$9 million above the original budget primarily due to the recognition of impairment of project costs incurred prior to the selection of Mullaquana Station (Upper Spencer Gulf) as the preferred location for the construction of a desalination plant as part of the Northern Water Project.

Investing Expenditure

f) New projects are \$12.9 million below budget primarily due to the reprofiling of the emPowering SA Community Batteries Project budget across financial years subsequent to the original budget being established (\$13.0 million).

g) Existing projects are \$63.5 million above the original budget primarily due to carryovers for the Northern Water Project and the purchase of gas turbine equipment.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

1.5. Significant transactions with government related entities

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

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 six members (2025: five) of the Executive Leadership 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*.

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 346	1 458
Post-employment benefits	553	338
Total compensation	2 899	1 796

Transactions with key management personnel and other related parties

Apart from the remuneration for key management personnel, the department did not have any transactions with key management personnel, their close family members and / or their controlled or jointly controlled entities in 2024-25 and 2025-26.

2.2. Board and committee members

Members during the 2026 financial year were:

<u>Audit and Risk Committee</u>	<u>Power Line Environment Committee</u>
K Presser (Chair)	S Murray (Chair)
T Brumfield*	M Atkinson
J Chapman*	C Donovan
J Cirson* (resigned November 2025)	M Hannan
S Moules* (resigned August 2025)	J Hendrikx
A Richardson (appointed March 2026)	D Smith*
	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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

2.2 Board and committee members (continued)

Committee remuneration

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

	2026	2025
\$0	5	6
\$1 - \$19 999	8	9
Total number of members	13	15

The total remuneration received or receivable by members was \$30 000 (2025: \$30 000). Of the thirteen members, eight were remunerated (2025: nine). 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 \$67.7 million (2025: \$45.3 million) for operational funding. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act. The movement between years reflects the scheduled receipts for time limited projects.

3.2. Fees and charges

	2026	2025
	\$'000	\$'000
Mining and petroleum licence fees	33 550	32 369
Mining and petroleum non-licence fees	1 816	2 718
Other fees and charges	2	6
Total fees and charges	35 368	35 093

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

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

Mining and petroleum licence fees

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

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

3.2. Fees and charges (continued)

Contract balances

	2026	2025
	\$'000	\$'000
Revenues from contracts with customers, included in 'Receivables'	1 617	3 375
Contract liabilities	(1 576)	(1 151)
Total contract balances	41	2 224

Revenue totalling \$0.1 million (2025: \$1 million) was recognised in 2025-26 and was included in contract liabilities at 1 July 2025. 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

	2026	2025
	\$'000	\$'000
Commonwealth-sourced grants		
Community Batteries for Household Solar	2 750	50
Greenhouse and Energy Minimum Standards (GEMS) Inspections	93	64
National Partnership - Northern Water Project	-	1 793
Progressing Energy Market Legislative Reform	-	57
Total Commonwealth-sourced grants	2 843	1 964
Industry funding - Northern Water Project	21 300	-
Other grant funding	31	39
Total grants and funding	24 174	2 003

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, 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 the Department of Treasury and Finance as the representative of the State of South Australia, not the department.

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 2025-26 for the following purposes:

- Community Batteries for Household Solar - Delivery of Election Commitments Stream 1 to deliver 18 community batteries in metropolitan and regional areas to deliver reduced energy costs for low-income and vulnerable South Australian households.
- 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*.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

3.4. Intra-government transfers

	2026	2025
	\$'000	\$'000
Transfers received from other SA Government entities		
Industry licence fee allocation	16 923	15 848
Green Industry Fund	2 217	5 044
Northern Water Project	-	62 600
Other intra-government transfers	587	465
Recovery from the Department of Treasury and Finance	1 522	225
Total intra-government transfers	21 249	84 182

Intra-government transfers are recognised as income on receipt.

- The industry licence fee allocation is the department's funding from licence fees on electricity, gas and water 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.
- The department received a \$62.6 million transfer from the Department of Treasury and Finance in 2025 for the Northern Water Project.

3.5. Sales of goods and services

Revenue from the sale of electricity \$7.4 million (2025: \$7.1 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 \$0.3 million in electricity sales revenue reflects the combined impact of increased electricity consumption of around two percent, coupled with the impact of the annual tariff review, which adjusted tariffs from November 2025 in line with on-grid prices. It is estimated that demand and price each contributed around half of the observed increase in revenue.

Contract balances

	2026	2025
	\$'000	\$'000
Revenues from contracts with customers, included in 'Receivables'	579	638
Total contract balances	579	638

There is an unconditional right to receive payment for sales of electricity when billed.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

3.6. Resources received free of charge

	2026	2025
	\$'000	\$'000
Services received free of charge	429	469
Information, communication and technology services and media monitoring received free of charge	156	142
Audit services received free of charge	178	150
Other	6	-
Total resources received free of charge	769	761

The department receives accounting services from Shared Services SA and information, communication and technology services and media monitoring from the Department of the Premier and Cabinet free of charge. The department also receives audit services free of charge from the Audit Office of South Australia.

3.7. Net gain from the disposal of property, plant and equipment

	2026	2025
	\$'000	\$'000
Net gain from the disposal of:		
Plant and equipment	10	-
Total net gain from the disposal of property, plant and equipment	10	-

3.8. Recoveries

	2026	2025
	\$'000	\$'000
Firm Energy Reliability Mechanism	6 256	-
Department for Environment and Water levy recovery	1 014	983
Other	1 543	3 207
Total recoveries	8 813	4 190

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 4.4).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

3.9. Other income

	2026	2025
	\$'000	\$'000
Support for the regulation of extractive mining operations	1 771	5 199
Fuel tax credits	1 955	2 458
Other income	218	525
Total other income	3 944	8 182

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* (refer to note 10).

4. Expenses

4.1. Employee related expenses

		2026	2025
	Note	\$'000	\$'000
Salaries and wages		37 583	34 040
Superannuation		5 418	4 620
Annual leave		3 600	3 245
Long service leave		1 034	1 126
Skills and experience retention leave		249	260
Workers' compensation		(531)	348
Board and committee fees - excluding on-costs	2.2	32	28
Targeted voluntary separation packages		195	-
Other employee related expenses		2 462	2 144
Total employee related expenses		50 042	45 811

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.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was two (2025: zero).

	2026	2025
	\$'000	\$'000
Amount paid to separated employees		
Targeted voluntary separation packages	195	-
Leave paid to separated employees	39	-
Net cost to the department	234	-

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

4.1 Employee related expenses (continued)

Employee remuneration

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

	2026	2025
	Number	Number
\$171 001 to \$177 000*	N/A	4
\$177 001 to \$197 000	9	3
\$197 001 to \$217 000	5	4
\$217 001 to \$237 000	7	6
\$237 001 to \$257 000	5	3
\$257 001 to \$277 000	2	4
\$277 001 to \$297 000	3	1
\$297 001 to \$317 000	2	5
\$317 001 to \$337 000	3	-
\$377 001 to \$397 000	1	-
\$537 001 to \$557 000	-	1
\$597 001 to \$617 000	1	-
\$617 001 to \$637 000	1	-
Total	39	31

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2024-2025. This band also includes employees that have received termination payments in 2025-26.

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 \$10.1 million (2025: \$7.4 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

4.2. Supplies and services

	2026	2025
	\$'000	\$'000
Contractors	21 438	17 051
Energy supply fuel and lubricants	8 579	8 095
Information technology and communication charges ^(a)	7 415	5 996
Office administration expenses	5 449	3 142
Office accommodation	4 875	4 540
Emergency generation and storage	4 181	4 133
Consultants	3 911	11 258
Logistics	3 134	169
Travel and related expenses	1 938	1 607
Staff related expenses	1 137	1 013
Service recoveries	769	667
Minor plant and equipment	375	885
Marketing	364	418
Audit fees ^(b)	178	150
Total supplies and services	63 743	59 124

(a) 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 technology and communication support under service level agreements.

(b) Audit fees paid / payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* are 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 6.6.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

4.3. Grants and subsidies

	2026	2025
	\$'000	\$'000
Remote Area Energy Supply	5 856	6 423
Other grants and subsidies	4 050	4 785
Australian Energy Market Commission	3 197	2 910
Grid Scale Storage Fund	1 127	5 074
Jobs and Economic Growth Fund	576	3 251
Total grants and subsidies	14 806	22 443

4.4. Other expenses

	2026	2025
	\$'000	\$'000
Property, plant and equipment impairment	7 620	-
Department for Environment and Water levy	1 014	983
Bad and doubtful debts	822	336
Resources provided free of charge	585	611
Donated current assets	-	433
Asset derecognition	-	20
Other expenses	-	3
Accommodation incentive amortisation	(27)	(27)
Total other expenses	10 014	2 359

Property, plant and equipment impairment relates to the impairment of project development costs incurred prior to the selection of Mullaquana Station (Upper Spencer Gulf) as the preferred location for the construction of a desalination plant as part of the Northern Water Project. Impairment of the work in progress asset value has been recognised as per Australian Accounting Standard AASB 136 *Impairment of Assets*. The calculated impairment consists of costs that had been incurred prior to the announcement of final site selection on 29 November 2025, including site investigation, design and environmental assessment related expenses that were directly attributable to the development and evaluation of Cape Hardy (Eyre Peninsula) as a potential alternative site for the desalination plant.

The Department for Environment and Water levy payment is recovered from industry (refer to note 3.8).

5. Assets

5.1. Financial assets

	2026	2025
	\$'000	\$'000
Cash and cash equivalents	181 731	296 538
Contractual receivables	3 459	4 255
Total financial assets	185 190	300 793

All financial assets are measured at amortised cost.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

5.2. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Deposits with the Treasurer	178 073	292 880
Deposits with the Treasurer – Accrual Appropriation Excess Funds	3 658	3 658
Total cash and cash equivalents in the Statement of Financial Position	181 731	296 538
Total cash and cash equivalents in the Statement of Cash Flows	181 731	296 538

Cash is measured at nominal amounts. Deposits with the Treasurer include cash held as security deposits (refer to note 6.5).

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

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Contractual receivables		
Receivables from sale of goods and services	4 914	4 895
Less impairment loss	(1 455)	(640)
Total contractual receivables	3 459	4 255
Statutory receivables		
GST input tax recoverable	1 624	5 997
Total statutory receivables	1 624	5 997
Prepayments	419	636
Accrued revenue	6 682	991
Other receivables	48	22
Total other current receivables	7 149	1 649
Total current receivables	12 232	11 901
Total receivables	12 232	11 901

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 2025.

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

5.3. Receivables (continued)

Allowance for impairment loss on receivables

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	(640)	(306)
Increase in the allowance	(815)	(334)
Carrying amount at the end of the period	(1 455)	(640)

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 \$9.3 million (2025: \$1.9 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* and *Opal Mining Act 1995* and GST input tax recoverable. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes. Statutory receivables are \$2.2 million (2025: \$9.4 million).

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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 \$4.5 million (2025: \$0.9 million) of fully depreciated plant and equipment still in use.

Impairment

The valuation 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	2-50
Solar plant and equipment	10-20

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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

Reconciliation of property, plant and equipment owned by the department

The following table shows the movement of property, plant and equipment owned by the department during 2025-26:

	Plant and equipment	Solar plant and equipment	Building and accommodation improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2025	31 791	14 908	40 210	32 259	55	208 048	327 271
Additions	1 503	-	-	-	-	136 881	138 384
Disposals	(2)	-	-	-	-	-	(2)
Impairment loss	-	-	-	-	-	(7 620)	(7 620)
Revaluation increment	(7)	-	-	-	-	-	(7)
Transfers between asset class	2 673	1 306	214	-	-	(4 193)	-
Depreciation	(4 723)	(1 032)	(1 506)	-	-	-	(7 261)
Carrying amount as at 30 June 2026	31 235	15 182	38 918	32 259	55	333 116	450 765
Gross carrying amount							
Gross carrying amount	54 397	17 276	47 057	32 259	55	333 116	484 160
Accumulated depreciation	(23 162)	(2 094)	(8 139)	-	-	-	(33 395)
Carrying amount as at 30 June 2026	31 235	15 182	38 918	32 259	55	333 116	450 765

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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 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
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
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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.

Effective from 1 April 2025, the South Australian Government Financing Authority (SAFA) issued new motor vehicle 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.

Following the change to SAFA motor vehicle leases, the department no longer had any right-of-use assets or lease liabilities to report for 2026 (2025: 47 motor vehicle leases).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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 2025-26:

	Intangibles software	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2025	346	20 192	20 538
Additions	-	1 612	1 612
Amortisation	(1 159)	-	(1 159)
Transfers	21 130	(21 130)	-
Carrying amount as at 30 June 2026	20 317	674	20 991
Gross carrying amount			
Gross carrying amount	25 594	674	26 268
Accumulated amortisation	(5 277)	-	(5 277)
Carrying amount as at 30 June 2026	20 317	674	20 991

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

6. Liabilities

6.1. Financial liabilities

	2026	2025
	\$'000	\$'000
Financial liabilities measured at amortised cost		
Contractual payables	10 197	22 742
Total financial liabilities	10 197	22 742

6.2. Payables

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Contractual payables	10 197	22 742
Total current payables	10 197	22 742
 Total payables	 10 197	 22 742

Contractual payables

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

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

6.3. Employee related liabilities

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Annual leave	4 518	4 002
Employment on-costs	1 185	1 057
Long service leave	574	402
Skills and experience retention leave	328	331
Accrued salaries and wages	443	295
Total current employee related liabilities	7 048	6 087
<u>Non-current</u>		
Long service leave	8 375	8 817
Employment on-costs	878	925
Total non-current employee related liabilities	9 253	9 742
Total employee related liabilities	16 301	15 829

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 the SERL liability has increased from 3.2% (2025) to 3.5% (2026).

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.

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 increased from 4.25% (2025) to 4.75% (2026).

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

6.3 Employee related liabilities (continued)

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, Return to WorkSA 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 remained the same as last year at 12%. These rates are used in the employment on-cost calculation. There is no impact on the employment on costs in 2026 due to the rates remaining unchanged. This cannot be reliably estimated for future years.

6.4. Provisions

All provisions relate to workers compensation.

	2026	2025
	\$'000	\$'000
Reconciliation of workers compensation		
Carrying amount as at 1 July	3 058	2 667
Additional provisions recognised as a result of restructure activities	-	113
(Decrease) / increase in provisions recognised	(562)	351
Reductions resulting from payments	(98)	(73)
Carrying amount as at 30 June	2 398	3 058

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 2026 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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

6.5. 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 \$26.4 million (2025: \$19.9 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.

6.6. Other non-financial liabilities

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Contract liabilities	1 576	1 151
Other	102	40
Accommodation incentive	16	27
Total current other non-financial liabilities	1 694	1 218
<u>Non-current</u>		
Accommodation incentive	-	16
Total non-current other non-financial liabilities	-	16
Total other non-financial liabilities	1 694	1 234

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

	2026	2025
	\$'000	\$'000
Other liabilities		
Within one year	1 694	1 234
Total other liabilities (undiscounted)	1 694	1 234

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 2026

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

	2026	2025
	\$'000	\$'000
<u>Reconciliation of net cash provided by operating activities to net cost of providing services</u>		
Net cash provided by operating activities	18 610	26 189
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(8 420)	(3 371)
Amortisation of lease incentive	27	27
Asset derecognition	-	(20)
Asset impairment	(7 620)	-
Bad and doubtful debts expense	(822)	(336)
Resources received free of charge	769	761
Resources provided free of charge	(763)	(611)
Donated assets	-	(433)
Gain on disposal of non-current assets	10	-
<u>Movement in assets and liabilities</u>		
Increase in receivables	1 153	6 890
Decrease in payables	19 106	19 464
(Increase) / decrease in other liabilities	(487)	1 256
Decrease / (increase) in provisions	660	(391)
(Decrease) / increase in security deposits	(6 491)	4 944
(Increase) in employee related liabilities	(472)	(699)
Net result	15 260	53 670

Total cash outflows for leases were \$0 million (2025: \$0.3 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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

	2026	2025
	\$'000	\$'000
Within one year	70 538	128 913
Later than one year but not later than five years	19 168	15 277
Total capital commitments	89 706	144 190

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

Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	28 995	33 643
Later than one year but not later than five years	38 148	50 476
Later than five years	30	65
Total expenditure commitments	67 173	84 184

The department's other contractual commitments are primarily for contracts for delivery of the Whyalla Steelworks Industrial Transformation Unit objectives, 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 2026

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 2026 is approximately \$418 million (2025: approximately \$412 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 2026.

The department has a contingent liability estimated at \$121.0 million at 30 June 2026 for ElectraNet's construction of transmission infrastructure in the Upper Spencer Gulf. The amount payable by the State Government through fees to be invoiced by ElectraNet, is contingent on the finalisation of the Designated Network Agreement (DNA) services agreement and the extent of future contributions associated with third-party utilisation of ElectraNet's assets.

A contingent liability of \$21.3 million existed at 30 June 2026 for industry funding contributions made towards the Northern Water Project. Under the respective industry agreements, the retention of Tranche 2 funding is contingent on the State Government progressing to a Final Investment Decision (FID) on the construction of the project, with the State obligated to return the funds if certain provisions are not met. Provision also exists, should construction proceed, for potential charge reductions to be applied to future off-take agreements with the contributors.

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 2026

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 an independent revaluation undertaken during 2025, land and buildings were classified as level 2 and 3, while all plant and equipment was classified as level 3. There have been no subsequent changes to fair value hierarchy during 2026.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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.

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.

In March and April 2026, the department undertook a line-by-line analysis of land and buildings on the ledger as part of the annual asset stocktake and insurance renewal processes, which considered the appropriateness of each assets useful life and written-down value given any known factors that may impact them. In May 2026, a further review was undertaken with reference to the valuation indices provided in the Department of Treasury and Finance's annual valuation advice.

Plant and equipment

Plant and equipment were also revalued in 2025 by Marsh Valuation Services 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 2026

9.1 Fair value (continued)

Per the process for land and buildings, the value of plant and equipment was reviewed as part of the annual asset stocktake and insurance renewal process. Current valuations were considered appropriate.

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.

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

9.2 Financial instruments (continued)

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

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

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

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

All of the department's debt investments at amortised cost are considered to have low credit risk 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 material 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 2026

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:

		2026	2025
	Note	\$'000	\$'000
<u>Income</u>			
Royalties		3 871	3 884
Total income		3 871	3 884
<u>Expenses</u>			
Extractive industries contribution	3.9	1 771	5 199
Rehabilitation costs		16	891
Other expenses		58	19
Total expenses		1 845	6 109
Net result		2 026	(2 225)
Total comprehensive result		2 026	(2 225)
		2026	2025
		\$'000	\$'000
<u>Current assets</u>			
Cash		37 352	36 180
Total assets		37 352	36 180
<u>Current liabilities</u>			
Payables		-	854
Total liabilities		-	854
Net assets		37 352	35 326
<u>Equity</u>			
Net receipts		2 026	(2 225)
Retained earnings		35 326	37 551
Fund balance at the end of the period		37 352	35 326

Department for Energy and Mining (DEM)

Administered Financial Statements

For the year ended 30 June 2026

Department for Energy and Mining
Certification of the Administered Financial Statements
for the year ended 30 June 2026

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

14 September 2026



William Pasten

Director, Commercial

11 September 2026

Department for Energy and Mining
Statement of Administered Comprehensive Income
for the year ended 30 June 2026

	2026	2025
	\$'000	\$'000
<u>Administered income</u>		
Royalties	526 656	405 461
Other income	10 054	13 888
Total administered income	536 710	419 349
<u>Administered expenses</u>		
Payment of royalties to the Consolidated Account	526 656	405 461
Grants and subsidies	8 357	-
Other expenses	1 642	3 026
Total administered expenses	536 655	408 487
Net result	55	10 862
Total comprehensive result	55	10 862

The accompanying notes form part of these financial statements.

Department for Energy and Mining
Statement of Administered Financial Position
as at 30 June 2026

	2026	2025
	\$'000	\$'000
<u>Administered current assets</u>		
Cash and cash equivalents	119 839	53 365
Receivables	1 368	2 800
Total current assets	121 207	56 165
Total assets	121 207	56 165
<u>Administered current liabilities</u>		
Payables	109 351	44 364
Total current liabilities	109 351	44 364
Total liabilities	109 351	44 364
Net assets	11 856	11 801
<u>Administered equity</u>		
Retained earnings	11 856	11 801
Total equity	11 856	11 801

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 2026

	2026	2025
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
<u>Cash inflows</u>		
Royalties receipts	527 527	404 629
Other receipts	10 871	13 071
<u>Cash outflows</u>		
Other payments	(1 959)	(3 519)
Payment of royalties to the Consolidated Account	(461 608)	(400 710)
Payments for grant and subsidies	(8 357)	-
Net cash provided by operating activities	66 474	13 471
Net increase in cash and cash equivalents	66 474	13 471
Cash and cash equivalents at the beginning of the period	53 365	39 894
Cash and cash equivalents at the end of the period	119 839	53 365

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 2026

	Royalties		Native Title Agreement	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>				
Royalties	526 656	405 461	-	-
Other income	-	-	1 642	3 026
Total administered income	526 656	405 461	1 642	3 026
<u>Administered expenses</u>				
Payment of royalties to the Consolidated Account	526 656	405 461	-	-
Grants and subsidies	-	-	-	-
Other expenses	-	-	1 642	3 026
Total administered expenses	526 656	405 461	1 642	3 026
Net result	-	-	-	-

	Energy Resources Act					
	Legacy Liabilities		Gas Security		Total	
	Facility		Infrastructure Fund			
	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>						
Royalties	-	-	-	-	526 656	405 461
Other income	885	862	7 527	10 000	10 054	13 888
Total administered income	885	862	7 527	10 000	536 710	419 349
<u>Administered expenses</u>						
Payment of royalties to the Consolidated Account	-	-	-	-	526 656	405 461
Grants and subsidies	-	-	8 357	-	8 357	-
Other expenses	-	-	-	-	1 642	3 026
Total administered expenses	-	-	8 357	-	536 655	408 487
Net result	885	862	(830)	10 000	55	10 862

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

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 following collection by the department. Royalties revenue is recognised when a royalty return is lodged and the amount payable is determined by the royalties system. Cash held at 30 June 2026 was \$107.8 million (2025: \$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. No fees were collected or expended from the fund during 2025-26. Cash held at 30 June 2026 was \$0.2 million (2025: \$0.2 million).

Energy Resources Act Legacy Liabilities Facility

The department collects a fee for inactive wells from licensed petroleum and geothermal activities. These fees are available to decommission and rehabilitate legacy wells or infrastructure that have no attributable owner due to bankruptcy or insolvency. Cash held at 30 June 2026 was \$2.7 million (2025: \$0.9 million).

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 mid to long-term energy needs and the achievement of the state's greenhouse gas emissions reduction targets. During 2025-26, \$7.5 million was received into the fund and \$8.3 million was paid to eligible grant recipients. Cash held at 30 June 2026 was \$9.2 million (2025: \$10 million).

Department for Energy and Mining
Notes to and forming part of the financial statements
for the year ended 30 June 2026

A3. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2025-26 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 2026 \$'000	Actual 2026 \$'000	Variance \$'000
Statement of Administered Comprehensive Income	Note			
<u>Administered income</u>				
Royalties	(a)	456 809	526 656	69 847
Other income		3 066	10 054	6 988
Total administered income		459 875	536 710	76 835
<u>Administered expenses</u>				
Payment of royalties to the Consolidated Account	(b)	456 809	526 656	69 847
Grants and subsidies		-	8 357	8 357
Other expenses		3 066	1 642	(1 424)
Total administered expenses		459 875	536 655	76 780
Net result		-	55	55
Total comprehensive result		-	55	55

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.

Administered income

a) Royalties income is \$69.8 million higher than the original budget due to higher royalties from the State's mines from increases in copper and precious metal pricing, partly offset by lower-than-anticipated production volumes from the petroleum producers compared to original budget.

Administered expenses

b) Payments of royalties to the Consolidated Account is \$69.8 million higher than the original budget due to higher royalties receipts, which are returned to the Consolidated Account following collection.