



**Government
of South Australia**

Office of Hydrogen Power South Australia

2021-22 Annual Report

Office of Hydrogen Power South Australia

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Date presented to Minister: 30 September 2022

OFFICIAL

To: **Honourable Tom Koutsantonis MP**

Minister for Infrastructure and Transport

Minister for Energy and Mining

Leader of Government Business

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

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

Submitted on behalf of the OFFICE OF HYDROGEN POWER SOUTH AUSTRALIA
by:

Sam Crafter

Chief Executive

Date 29/09/2022

Signature



From the Chief Executive

The Office of Hydrogen Power South Australia (OHPSA) was established on 19 May 2022 to oversee the delivery of the Hydrogen Jobs Plan (the Plan), which is a priority commitment for the new South Australian Government.

A capital budget of \$593 million has been committed to build a 250 megawatt electric green hydrogen production facility, a 200 megawatt hydrogen-fuelled power plant, and a hydrogen storage facility in the Whyalla local government area by December 2025.

The Plan is world-leading initiative, which has the potential to accelerate the growth of a green hydrogen industry in South Australia and to deliver huge benefits for our state including the creation of jobs and the development of a new local skills base.

As well as supporting industry development, the construction of the hydrogen production, generation and storage facilities will 'prove' hydrogen technology at scale, helping to catalyse other private sector hydrogen projects at various stages of development.

The facilities will enhance South Australia's grid security and stability. Once built, the operation of the electrolyzers will provide additional stability by 'soaking up' the state's abundant renewable energy generated from large-scale wind and solar farms, in turn helping to unlock South Australia's significant pipeline of renewable energy projects.

The hydrogen-fuelled generator will provide a source of dispatchable energy, providing electricity to the South Australian grid when it is most needed.

The implementation of the Plan will play an important role in supporting South Australia's continued clean energy transition and decarbonisation.

The Plan is deliberately ambitious, and delivery will not be without its challenges. Building a dedicated, flexible team with a high-performing and people-centric culture was a key focus for OHPSA to ensure the right resources are in place to executive the Plan effectively.

I recognise and acknowledge the efforts of the Department for Energy and Mining for the work undertaken to lay the foundations for the delivery of the Plan prior to my commencement.

I look forward to continuing to implement this important government commitment, with a strong focus on ensuring the Plan delivers the greatest outcomes and opportunities for South Australia.

Sam Crafter

Chief Executive

Office of Hydrogen Power South Australia

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Overview: about the agency

Our strategic focus

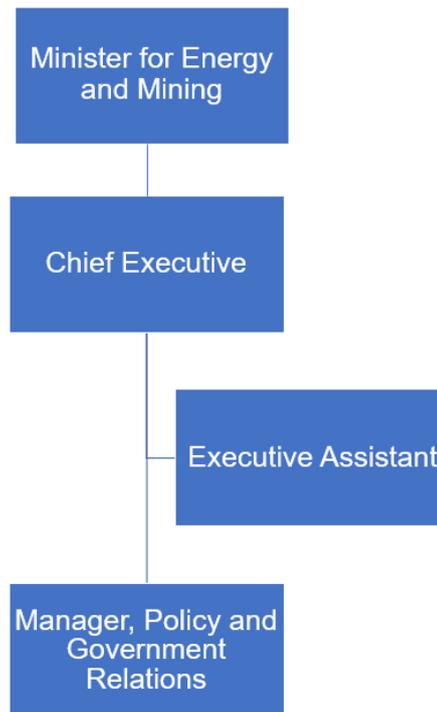
Our Purpose	Ensure the Hydrogen Jobs Plan delivers the greatest outcomes and opportunities for South Australia.
Our Vision	A thriving and globally competitive hydrogen industry in South Australia.
Our Values	Service; professionalism; trust; respect; collaboration and engagement; honesty and integrity; courage and tenacity; sustainability.
Our functions, objectives and deliverables	<p>The objectives of the Office of Hydrogen Power South Australia (OHPSA) are to implement the Hydrogen Jobs Plan to:</p> <ul style="list-style-type: none"> • create jobs for South Australians • enhance South Australia’s electricity grid security • promote the growth of South Australia’s hydrogen industry • help to unlock the pipeline of renewable energy developments and associated manufacturing opportunities • support South Australia’s continued clean energy transition and decarbonisation. <p>OHPSA’s deliverables are to oversee the construction of a:</p> <ul style="list-style-type: none"> • 200 megawatt hydrogen fuelled power generation • 250 megawatt electric hydrogen electrolyser • hydrogen storage facility <p>by the end of the end of 2025.</p> <p>OHPSA will also work with the Department for Energy and Mining to jointly deliver a hydrogen export strategy for South Australia.</p>

Our organisational structure

The Office of Hydrogen Power South Australia was proclaimed as an attached office to the Department for Energy and Mining under section 27 of the Public Sector Act 2009 on 19 May 2022. OHPSA is an administrative unit and a public sector agency.

The Public Sector (Establishment of Attached Office) Proclamation 2022 designates the Minister for Energy and Mining as the Minister with responsibility for OHPSA.

The OHPSA organisational structure, as at 30 June 2022, is presented below.



Changes to the agency

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

Our Minister

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

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



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

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

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

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

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

Our Executive team



Sam Crafter
Chief Executive
Office of Hydrogen Power South Australia

Sam was appointed to the role of Chief Executive, Office of Hydrogen Power South Australia, in May 2022. Sam has had an extensive career in project implementation, commercial advisory, public affairs, communications and reputation management in both the public and private sector, with a focus on the energy and resources industries.

Legislation administered by the agency

OHPSA does not administer any legislation.

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

OHPSA is an attached office to the Department for Energy and Mining.

The agency's performance

Performance at a glance

For the duration of the reporting period, OHPSA was small, consisting of few employees. A significant focus in May and June 2022 was to carry out recruitment and procurement processes to engage employees and contractors to start to build a team.

With support of resources from the Department for Energy and Mining, several key activities were underway to support the delivery of the Hydrogen Jobs Plan.

Stakeholder engagement was a priority from the outset, and OHPSA met with a large number of diverse stakeholders, including industry representatives, peak bodies, state and local government agencies and other parties with an interest in South Australia's hydrogen industry.

This engagement occurred as OHPSA launched an international market sounding process, which commenced in late May 2022 and remained open for over six weeks.

The aim of the process, which attracted international attention, was to gather input from industry and stakeholders on technical, system and commercial project approaches, designs and delivery concepts, to help shape the delivery of the Plan.

Throughout May and June 2022, site selection work was underway to identify state or local government owned land in the Whyalla City Council region with the potential to house the hydrogen facilities.

An expert panel, made up of over 30 government, industry and community stakeholder groups, was established to provide advice in relation to site selection. As well as the basic project requirements, the panel's assessment also factored in social, economic, environmental, technical, regulatory and heritage considerations.

The preliminary site selection report, finalised in June 2022, identified several locations with potential to host the hydrogen infrastructure associated with the Plan. Assessment will continue in conjunction with the design and configuration of the project infrastructure, which will influence the final site selection decision.

Agency contribution to whole of Government objectives

The Hydrogen Jobs Plan is a major economic and energy policy commitment for the incoming government. OHPSA was established to deliver this initiative, which will accelerate the growth of a hydrogen industry in South Australia, unlock economic opportunities and support job creation and regional development.

Agency specific objectives and performance

OHPSA was operational for a short time during the reporting period. Agency specific indicators, performance measures and achievements will be developed during the 2022-23 reporting period.

Corporate performance summary

The majority of the corporate services for OHPSA are provided by the Department for Energy and Mining. The agencies worked together in May and June 2022 to draft the service level agreements that formalise this arrangement.

Employment opportunity programs

Program name	Performance
University placements and undergraduate students	The agency plans to host a student or students (school and university) for their placement component of their course – primarily in the fields of engineering and economics.

Agency performance management and development systems

Performance management and development system	Performance
A performance management and development framework exists within the agency to support employees and leaders to create performance development plans and have regular performance conversations. All discussions are recorded in this system and at appropriate periods reporting is undertaken on completion rates.	<p>Staff will participate in two formal performance management and development plan conversations each year.</p> <p>The agency’s performance management and development framework is supported by an online program called iGROW.</p> <p>No statistics are available yet on staff participation.</p>

Work health, safety and return to work programs

Program name	Performance
Wellbeing Initiatives	<p>OHPSA, through the Department for Energy and Mining, provides initiatives to support employee wellbeing in the six areas of career, social, financial, physical, community and mental.</p> <p>One of these initiatives is a monthly webinar series, with staff able to select those most relevant to them. Topics have included 'Introduction to Mental Fitness', 'Work-Life Integration', 'Dealing with Uncertainty' and 'Building Resilience'.</p>
Employee Assistance Program	<p>OHPSA, through the Department for Energy and Mining, offers staff access to free, confidential, counselling and support services. These are offered through an offsite Employee Assistance Program.</p>
Gov SAfety System	<p>OHPSA uses the new Hazard and Incident Reporting System (Gov SAfety).</p>

Workplace injury claims	2021-22	2020-21	% Change (+ / -)
Total new workplace injury claims	0	n/a	n/a
Fatalities	0	n/a	n/a
Seriously injured workers*	0	n/a	n/a
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	n/a	n/a

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

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

Return to work costs**	2021-22	2020-21	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	n/a	n/a
Income support payments – gross (\$)	0	n/a	n/a

**before third party recovery

Executive employment in the agency

Executive classification	Number of executives
EXF	1

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

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2021-22 are attached to this report.

Statement of Comprehensive Income	2021-22 Actual \$000s
Total Income	113
Total Expenses	118
Net Result	(5)
Total Comprehensive Result	(5)

Statement of Financial Position	2021-22 Actual \$000s
Current assets	-
Non-current assets	-
Total assets	-
Current liabilities	5
Non-current liabilities	-
Total liabilities	5
Net assets	(5)
Equity	(5)

OHPSA was funded for the reporting period by the South Australian Government via intra-government transfer of appropriation through the Department for Energy and Mining.

In the short period of operation between establishment (19 May 2022) and reporting date (30 June 2022), the transfer of cash between the department and OHPSA has been matched to the cash outgoings of OHPSA.

The net result and net equity for the reporting period (\$5,000) wholly relate to the value of employee benefit liabilities as at 30 June 2022.

Consultants disclosure

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

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

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$6,513*

*Includes costs associated with the establishment of OHPSA.

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

Nil payments for consultancies above \$10,000.

Data for previous years is available at: n/a OHPSA not established in previous years.

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

Contractors disclosure

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

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$9,780*

* Includes contractor payments for services delivered on behalf of the Upper Spencer Gulf Steering Committee (OHPSA, Department of Treasury and Finance, Infrastructure SA, Department for Energy and Mining).

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

Nil payments for contractors above \$10,000.

Data for previous years is available at: n/a OHPSA not established in previous years.

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website: n/a OHPSA not established in previous years.

The website also provides details of [across government contracts](#).

Risk management

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	Nil

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

Strategies implemented to control and prevent fraud

The agency, through the Department for Energy and Mining, takes a risk-based approach to control and prevent instances of fraud. The control framework includes a policy, procedure and Fraud Control Plan to assist with the prevention and detection of fraud, corruption, misconduct and maladministration.

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

Data for previous years is available at: n/a OHPSA not established in previous years.

Public interest disclosure

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

Nil

Data for previous years is available at: n/a OHPSA not established in previous years.

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

Reporting required under any other act or regulation

Act or Regulation	Requirement
Nil	Nil

Public complaints

Number of public complaints reported

Complaints to OHPSA are managed by the Department for Energy and Mining.

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

OFFICIAL

2021-22 ANNUAL REPORT for the Office of Hydrogen Power South Australia

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
		unreasonable or disadvantages customer	
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	0

Additional Metrics	Total
Number of positive feedback comments	0
Number of negative feedback comments	0
Total number of feedback comments	0
% complaints resolved within policy timeframes	n/a

Data for previous years is available at: n/a OHP SA not established in previous years.

Service Improvements

Complaints and feedback submitted to OHPSA are being managed by the Department for Energy and Mining under a draft service level agreement in line with its Complaint Management System.

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

In the event a complaint cannot be resolved because there is 'No case to answer', alternative external sources of assistance will be suggested where appropriate, to help support a positive customer service experience.

The complaints and feedback policy and procedure are being reviewed by the department to consider further opportunities for service improvements.

Compliance Statement

The Office of Hydrogen Power South Australia is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
The Office of Hydrogen Power South Australia has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2021-22



Your ref: A22/023

27 September 2022

Principal Audit Manager
Auditor-General's Department
Level 9, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Robbie

Management representation letter

Office of Hydrogen Power South Australia financial statements for the year ended 30 June 2022

We make the following representation, for your audit of the financial statements of the Office of Hydrogen Power South Australia for the year ended 30 June 2022, having made such enquiries as we considered necessary for appropriately informing ourselves and according to the best of our knowledge and belief.

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter dated 24 June 2022 for the preparation of financial statements that give a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards.
2. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and

- (d) information regarding all legal issues and legal opinions which have the capacity to be relevant to the control environment and the fair presentation of the financial statements.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 4. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error. We have established and maintained an effective internal control structure to facilitate the preparation of reliable financial statements, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
 5. We have disclosed to you all information about
 - fraud or suspected fraud involving:
 - i. management
 - ii. employees who have significant roles in internal control
 - iii. others where the fraud could have a material effect on the financial statements
 - allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.
 6. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 7. We have disclosed to you all known or suspected instances of non-compliance with laws, regulations, contracts or agreements, the effects of which should be considered when preparing the financial statements.
 8. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in line with the financial reporting framework.
 9. We believe the methods, the data, and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
 10. All events occurring subsequent to the date of the financial statements and for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

11. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial statements, except as disclosed in the financial statements.

12. Non-current assets

- (a) The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (b) Depreciation on assets has been allocated on a systematic basis over the estimated useful lives of assets. Useful lives and residual values of the assets were reviewed during the reporting period and adjusted where necessary. Any resulting changes were accounted for as a change in accounting estimate.
- (c) We have considered the requirements of accounting standards when assessing whether there are indicators of impairment of assets, and in ensuring that no assets are stated in excess of their recoverable amount.
- (d) We consider the measurement methods (including related assumptions) used to determine the value of assets to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

13. Liabilities

- (a) We have recognised all liabilities in the financial statements.
- (b) We consider the measurement methods (including related assumptions) used to determine the value of liabilities to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

14. Contingent liabilities

All material contingent liabilities have been completely and adequately disclosed in the financial statements.

15. Commitments

We have disclosed all material commitments in the financial statements.

16. Related party transactions

- (a) We have disclosed to you the identity of all related parties and related party relationships and transactions of which we are aware.
- (b) We have appropriately accounted for and disclosed such relationships and transactions in line with the requirements of the financial reporting framework.

17. Uncorrected misstatements

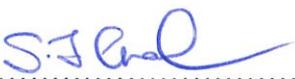
Misstatements within the financial statements identified during the audit have been resolved.

18. Publication on a website

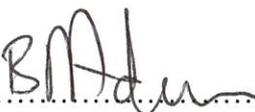
With respect to the publication of our audited financial report on the Department for Energy and Mining's website, we acknowledge that:

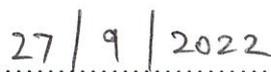
- (a) We are ultimately responsible for accurate and complete electronic publication of our audited financial report.
- (b) We will ensure that the electronic version of our audited financial report and the auditor's report on the Department for Energy and Mining's website is identical to the final signed hard copy version.
- (c) We will ensure that the Department for Energy and Mining clearly differentiates between audited and unaudited information on their website as we understand the risk of potential misrepresentation.
- (d) We have sought assurances from the Department for Energy and Mining about the sufficiency of the controls over the security and integrity of data on their website and that they have adequate procedures in place to ensure the integrity of the information published.
- (e) We will ensure that the Department for Energy and Mining does not present the auditor's report on our full financial report with extracts only of our full financial report.

Yours sincerely


.....
Chief Executive


.....
Date:


.....
Chief Financial Officer


.....
Date:

Office of Hydrogen Power South Australia

Financial Statements

For the year ended 30 June 2022

Office of Hydrogen Power South Australia
Certification of the Financial Statements
for the year ended 30 June 2022

We certify that the:

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



Sam Crafter
Chief Executive
Office of Hydrogen Power South Australia
27 September 2022



Ben Adams
Chief Financial Officer
Department for Energy and Mining
27 September 2022

Office of Hydrogen Power South Australia
Statement of Comprehensive Income
for the period 19 May 2022 to 30 June 2022

	Note	2022 \$'000
Income		
SA Government grants, subsidies and transfers	2.1	113
Total income		<u>113</u>
Expenses		
Employee benefits expenses	3.2	75
Supplies and services	4.1	43
Total expenses		<u>118</u>
Net result		<u>(5)</u>
Total comprehensive result		<u>(5)</u>

The accompanying notes form part of these financial statements.

The net result and total comprehensive result are attributable to the SA Government as owner.

Office of Hydrogen Power South Australia
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000
Current assets		
Receivables		31
Total current assets		<u>31</u>
Total assets		<u>31</u>
Current liabilities		
Payables		31
Employee benefits liability	3.3	5
Total current liabilities		<u>36</u>
Total liabilities		<u>36</u>
Net assets		<u>(5)</u>
Equity		
Retained Earnings		(5)
Total equity		<u>(5)</u>

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

Office of Hydrogen Power South Australia
Statement of Changes in Equity
for the period 19 May 2022 to 30 June 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 19 May 2022	<u>-</u>	<u>-</u>
Net result for 2021-22	(5)	(5)
Total comprehensive result for 2021-22	<u>(5)</u>	<u>(5)</u>
Balance at 30 June 2022	<u>(5)</u>	<u>(5)</u>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Office of Hydrogen Power South Australia
Statement of Cash Flows
for the period 19 May 2022 to 30 June 2022

	Note	2022 \$'000
<u>Cash flows from operating activities</u>		
<i>Cash inflows</i>		
SA Government grants, subsidies and transfers		113
Cash generated from operating activities		<u>113</u>
<i>Cash outflows</i>		
Employee benefit payments		(70)
Payments for supplies and services		(43)
Cash used in operating activities		<u>(113)</u>
Net cash provided by operating activities		<u>-</u>
Net increase / (decrease) in cash		<u>-</u>
Cash at the beginning of the reporting period		-
Cash at the end of the reporting period	5.1	<u>-</u>

Office of Hydrogen Power South Australia

Notes to and forming part of the financial statements

For the year ended 30 June 2022

1. About the Office of Hydrogen Power South Australia

The Office of Hydrogen Power South Australia (the Office) was established as an attached office of the Department for Energy and Mining (the Department) on 19 May 2022 by the *Public Sector (Establishment of Attached Office) Proclamation 2022*.

The Office was supported by the Department via intra-government transfer of appropriation for the period 19 May 2022 through to 30 June 2022. Going forward, the Office will enter into a Service Level Agreement with the Department for the delivery of corporate service support to enable it to meet its statutory requirement in delivering its functions.

The Office 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 Office.

1.1. Basis of preparation

The financial statements of the Office are general purpose statements and have been 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 with reduced disclosure requirements.

As the Office was established on 19 May 2022, there are no prior period comparative figures presented in the financial statements.

The Office has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Office is a not-for-profit entity.

The financial statements have been prepared based on a twelve month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the notes.

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

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.
- receivables and payables, which are stated with the amount of GST included.

GST collections and payments are carried out by the Department on behalf of the Office. GST in relation to the Office is reported in the Department's Financial Statements.

Office of Hydrogen Power South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives of the Office

The Office of Hydrogen Power South Australia has been established to procure, build and operate the hydrogen power generation and associated hydrogen production and storage facilities that the South Australian Government has committed to have operating by 2025 as part of its Hydrogen Jobs Plan.

1.3. Impact of COVID-19 pandemic on the Office

The COVID-19 pandemic has had no material impact on the operations of the Office in 2021-22.

At this stage, there is insufficient information to determine whether the COVID-19 pandemic will have a material impact on the operations of the Office in 2022-23.

The Office will continue to assess the impact of the COVID-19 pandemic on its operations in 2022-23.

1.4. Changes to the Office

The Office of Hydrogen Power South Australia was established as an attached office of the Department for Energy and Mining on 19 May 2022 by the *Public Sector (Establishment of Attached Office) Proclamation 2022*.

No assets or liabilities were transferred to the Office at the time of its establishment.

Office of Hydrogen Power South Australia
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2. Income

2.1. SA Government grants, subsidies and transfers

	2022
	\$'000
Department for Energy and Mining	<u>113</u>
Total SA Government grants, subsidies and transfers	<u>113</u>

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

As an attached office, the Office is funded via intra-government transfer of Appropriation received by the Department pursuant to the *Appropriation Act*.

Office of Hydrogen Power South Australia
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For the year ended 30 June 2022

3. Committees and employees

3.1. Key management personnel

Key management personnel of the Office include the Minister and the Chief Executive.

Total compensation for the Office's key management personnel in 2022 was \$53 000.

Transactions with Key Management Personnel and other related parties

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

3.2. Employee benefits expenses

	2022
	\$'000
Salaries and wages	55
Annual Leave	8
Employment on-costs - superannuation	6
Long service leave	3
Employment on-cost - other	3
Other employee related expenses	-
Total employee benefits expenses	75

Employment on-costs – superannuation

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

Office of Hydrogen Power South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits liability

	2022
	\$'000
Current	
Annual leave	4
Long service leave	1
Total current employee benefits liability	<u>5</u>
Total employee benefits liability	<u>5</u>

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

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

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

The annual leave liability and the skills and experience retention leave liability 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 is then applied to the department's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the department. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.5%) to 2022 (3.5%).

Current long service leave reflects the portion of leave expected to be settled within the next 12 months.

Office of Hydrogen Power South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4. Expenses

4.1. Supplies and services

	2022
	\$'000
Accounting and audit fees ^(a)	11
Contractors	10
Travel and related expenses	8
Staff related expenses	8
Consultants	6
Total supplies and services	43

(a) Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$10 500. No other services were provided by the Auditor-General's Department.

5. Financial Assets

5.1. Cash and Cash Equivalents

The Office was established as an attached office of the Department, funded by the South Australian Government via intra-government transfer of appropriation through the Department.

While remaining managerially independent from the Department, for administrative efficiency the Office shares corporate and financial systems with the Department.

In the short period of operation between establishment (19 May 2022) and reporting date (30 June 2022), the transfer of cash between the Department and the Office has been matched to the cash outgoings of the Office, resulting in a reported zero net cash position as at 30 June 2022.

The zero net cash position is expected given the established funding arrangements and should not be interpreted as indicating that the Office may encounter cash flow issues while undertaking its normal operations.

6. Outlook

6.1. Unrecognised contractual commitments

Commitments arise from contractual or statutory sources and are disclosed at their nominal value.

The Office is not aware of any material expenditure commitments as at 30 June 2022.

6.2. 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.

The Office is not aware of any contingent assets or liabilities as at 30 June 2022.

6.3. Events after the reporting period

The Office is not aware of any events occurring after balance date.