



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Chief Executive Office of Hydrogen Power South Australia

### Opinion

I have audited the financial report of the Office of Hydrogen Power South Australia for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office of Hydrogen Power South Australia as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the period 19 May 2022 to 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the period 19 May 2022 to 30 June 2022
- a Statement of Cash Flows for the period 19 May 2022 to 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Executive, Office of Hydrogen Power South Australia and the Chief Financial Officer, Department for Energy and Mining.

### 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 Office of Hydrogen Power South Australia. 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 the Australian Accounting Standards – Simplified Reporting Requirements 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 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 Office of Hydrogen Power South Australia for the financial year ended 30 June 2022.

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 Office of Hydrogen Power South Australia'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.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

28 September 2022

# **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
<b>Income</b>		
SA Government grants, subsidies and transfers	2.1	113
<b>Total income</b>		<u>113</u>
<b>Expenses</b>		
Employee benefits expenses	3.2	75
Supplies and services	4.1	43
<b>Total expenses</b>		<u>118</u>
<b>Net result</b>		<u>(5)</u>
<b>Total comprehensive result</b>		<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
<b>Current assets</b>		
Receivables		31
<b>Total current assets</b>		<b>31</b>
<b>Total assets</b>		
		<b>31</b>
<b>Current liabilities</b>		
Payables		31
Employee benefits liability	3.3	5
<b>Total current liabilities</b>		<b>36</b>
<b>Total liabilities</b>		
		<b>36</b>
<b>Net assets</b>		
		<b>(5)</b>
<b>Equity</b>		
Retained Earnings		(5)
<b>Total equity</b>		<b>(5)</b>

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	-	-
Net result for 2021-22	(5)	(5)
Total comprehensive result for 2021-22	(5)	(5)
Balance at 30 June 2022	(5)	(5)

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
<b><u>Cash flows from operating activities</u></b>		
<i>Cash inflows</i>		
SA Government grants, subsidies and transfers		<u>113</u>
<b>Cash generated from operating activities</b>		<u>113</u>
<i>Cash outflows</i>		
Employee benefit payments		(70)
Payments for supplies and services		<u>(43)</u>
<b>Cash used in operating activities</b>		<u>(113)</u>
<b>Net cash provided by operating activities</b>		<u>-</u>
<b>Net increase / (decrease) in cash</b>		<u>-</u>
Cash at the beginning of the reporting period		-
<b>Cash at the end of the reporting period</b>	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**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2022*

---

**2. Income**

**2.1. SA Government grants, subsidies and transfers**

	<b>2022</b>
	<b>\$'000</b>
Department for Energy and Mining	<u>113</u>
<b>Total SA Government grants, subsidies and transfers</b>	<u><b>113</b></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**  
**Notes to and forming part of the financial statements**  
*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	-
<b>Total employee benefits expenses</b>	<b>75</b>

***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
<b>Current</b>	
Annual leave	4
Long service leave	1
<b>Total current employee benefits liability</b>	<u>5</u>
<b>Total employee benefits liability</b>	<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 <sup>(a)</sup>	11
Contractors	10
Travel and related expenses	8
Staff related expenses	8
Consultants	6
<b>Total supplies and services</b>	<u><u>43</u></u>

(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.