



BUDGET★

PORTFOLIO BUDGET STATEMENTS 2012-13
BUDGET RELATED PAPER NO. 1.4

CLIMATE CHANGE AND ENERGY EFFICIENCY
PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES
AND PROGRAMS BY AGENCY

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The document must be attributed as the Portfolio Budget Statements 2012-13 Climate Change and Energy Efficiency Portfolio.

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Minister for Climate Change and Energy Efficiency

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2012-13 Budget for the Climate Change and Energy Efficiency portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Greg Combet', written over the 'Yours sincerely' text.

GREG COMBET

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

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A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the 2012-13 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in *Appropriation Bills No. 1 and No. 2 2012-13* (or *Appropriation Bill [Parliamentary Departments] No. 1 2012-13* for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

CONTENTS

Portfolio Overview	1
Climate Change and Energy Efficiency Portfolio Overview	3
Agency Resources and Planned Performance	7
Department of Climate Change and Energy Efficiency.....	9
Clean Energy Regulator	47
Climate Change Authority	77
Glossary	97

PORTFOLIO OVERVIEW

CLIMATE CHANGE AND ENERGY EFFICIENCY PORTFOLIO OVERVIEW

Minister(s) and portfolio responsibilities

The Department of Climate Change and Energy Efficiency leads the development and coordination of Australia's climate change and energy efficiency policy. It is responsible for policy advice, policy implementation and program delivery in four areas: reducing Australia's greenhouse gas emissions; promoting energy efficiency; adapting to climate change; and helping to shape a global climate change solution.

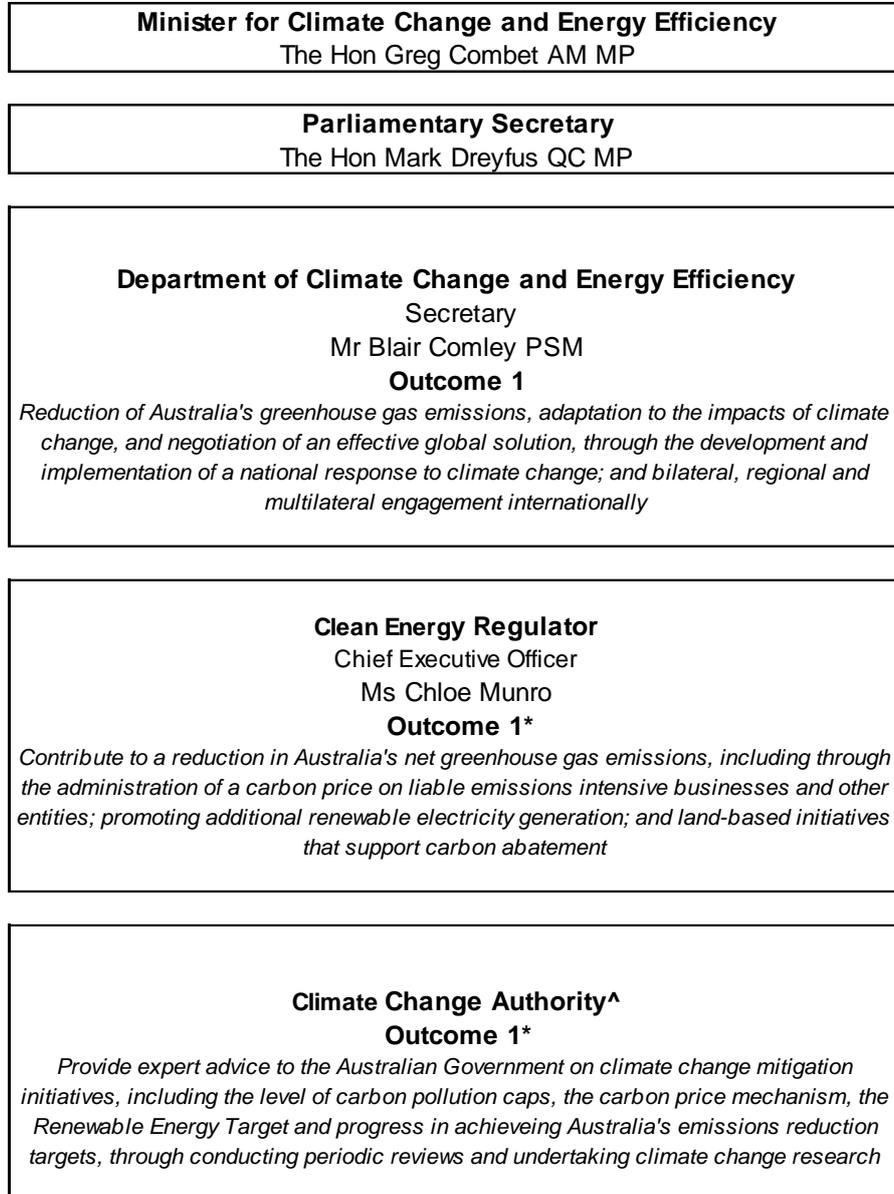
The Department of Climate Change and Energy Efficiency is responsible for the oversight of the Clean Energy Regulator (CER), the Climate Change Authority (the Authority) and Low Carbon Australia Limited (LCAL), formerly known as the Australian Carbon Trust Limited.

The CER is responsible for contributing to building a clean energy future for Australia through the effective implementation and administration of the carbon pricing mechanism, the Renewable Energy Target, National Greenhouse and Energy Reporting scheme, the Carbon Farming Initiative, and the Australian National Registry of Emissions Units.

The Authority is responsible for providing expert advice to the Government on climate change mitigation initiatives, including the level of carbon pollution caps, the carbon pricing mechanism, the Renewable Energy Target, the Carbon Farming Initiative and progress in achieving Australia's emissions reduction targets, through conducting periodic reviews and undertaking climate change research.

LCAL is responsible for providing information and tools for households and businesses to effectively participate in Australia's climate change response. LCAL manages the Energy Efficiency Trust. Note that LCAL is not reported in these Portfolio Budget Statements. For further information on LCAL please visit the following website: www.lowcarbonaustralia.com.au

Figure 1: Climate Change and Energy Efficiency portfolio structure and outcomes



*This outcome contributes to the Department of Climate Change and Energy Efficiency's Outcome 1.

[^]The Department of Climate Change and Energy Efficiency is currently responsible for the setup of the Climate Change Authority.

PORTFOLIO RESOURCES

Table 1 shows the total new resources provided to the portfolio in the 2012-13 budget year, by agency.

Table 1: Portfolio Resources 2012-13

	Appropriation			Receipts	Total
	Bill No. 1 \$m	Bill No. 2 \$m	Special \$m	\$m	\$m
Department of Climate Change and Energy Efficiency					
Administered appropriations	107.2	6.9	-	-	114.1
Departmental appropriations	104.3	0.1	-	-	104.4
Total:	211.5	7.0	-	-	218.5
Clean Energy Regulator					
Administered appropriations	4.5	-	666.3	-	670.8
Departmental appropriations	74.5	17.8	-	-	92.3
Total:	79.0	17.8	666.3	-	763.1
Climate Change Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6.2	-	-	-	6.2
Total:	6.2	-	-	-	6.2
Portfolio total	296.7	24.8	666.3	-	987.8
Less amounts transferred within portfolio	-	-	-	-	-
Resources available within portfolio:					987.8

AGENCY RESOURCES AND PLANNED PERFORMANCE

Department of Climate Change and Energy Efficiency.....	9
Clean Energy Regulator	47
Climate Change Authority	77

Department of Climate Change and Energy Efficiency

Agency resources and planned performance

DEPARTMENT OF CLIMATE CHANGE AND ENERGY EFFICIENCY

Section 1: Agency overview and resources	13
1.1 Strategic Direction Statement	13
1.2 Agency Resource Statement	15
1.3 Budget Measures.....	17
Section 2: Outcomes and planned performance	19
2.1 Outcomes and performance information	19
Section 3: Explanatory tables and budgeted financial statements	33
3.1 Explanatory tables	33
3.2 Budgeted Financial Statements.....	35

DEPARTMENT OF CLIMATE CHANGE AND ENERGY EFFICIENCY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Department undertakes a range of activities aimed at improving Australia's wellbeing by contributing to effective national and global responses to climate change, including the necessary transformation for the Australian economy.

This entails leading and co-ordinating advice to the Minister on the reduction of Australia's greenhouse gas emissions, improvements in energy efficiency, adaptation to the impacts of climate change, and negotiation of an effective global solution. It also involves effective implementation and administration of policies and programs that fall within the Minister's responsibilities.

The Department has had a challenging and successful year in 2011-12. In particular, 2011-12 witnessed the release of the Government's Clean Energy Future Plan (CEFP) and the passing into law of the Clean Energy Acts. In 2012-13, the Department will focus on managing the introduction of the carbon pricing mechanism, which begins on 1 July 2012, and implementing the CEFP more broadly. This includes the Low Income Energy Efficiency Program, the Community Energy Efficiency Program, and the Charities, Maritime and Aviation Support Program. The Department will also support the efficient and effective functioning of the Climate Change Authority (the Authority) and Clean Energy Regulator.

Implementing the CEFP is being supported by the CEFP Program Office (the Program Office) located within the Department. The Program Office, which commenced in October 2011, will continue to review and assess progress with implementing the CEFP through 2012. The Program Office is working closely with relevant agencies to ensure that program level implementation risks are carefully managed and that issues are identified early and resolved in a timely and effective manner. The Program Office will continue to provide regular implementation progress reports to the Government.

The Department will continue its work in implementing the Carbon Farming Initiative (CFI), which targets Australia's agricultural sector, is a market mechanism that will begin to unlock the potential for abatement in the land sector by enabling farmers and other landholders taking action to reduce carbon pollution to generate tradeable carbon credits. Legislation to establish the CFI was passed by Parliament in August 2011. The CFI has now commenced, with the CFI Administrator established in December 2011. The Department is leading the development of CFI methodologies needed to underpin CFI offset projects through Methodology Development program

and low-cost methodologies likely to have high Indigenous participation through the Indigenous Carbon Farming Fund. The Department, through the Carbon Farming Skills program will also work to establish training and accreditation schemes for carbon service providers to help ensure landholders have access to credible, high quality advice. The Department will implement the CFI non-Kyoto Fund which will commence operation in 2013-14. Through the fund the Government will purchase non-Kyoto compliant CFI credits. Further land sector measures that complement the CFI by protecting biodiverse carbon stores and supporting carbon farming research are being delivered through other portfolios.

While the CFI and carbon pricing mechanism will provide emissions abatement, so too will energy efficiency measures. Typically energy efficiency measures are deployed in areas where there are market barriers and where experience shows that emissions abatement is achieved at a very low cost. Many energy efficiency measures also deliver other benefits, most notably helping to reduce household power bills. The Department will also focus on the closure of a number of lapsing programs such as the Home Insulation Safety Program and the Renewable Energy Bonus Scheme - Solar Hot Water Rebate.

The Department will continue its work in coordinating climate science and climate change adaptation across Government. The Department will work to implement the National Climate Change Science Framework and to communicate climate science to the public. The Department will also work to develop forward adaptation policy taking into account the recommendations of the Productivity Commission's Inquiry into Barriers to Climate Change Adaptation.

As work continues on Australia's domestic climate change policy, the Department will continue to advance Australia's international objective of an environmentally effective climate change regime in 2012-13. A breakthrough at the 2011 United Nations Conference on Climate in Durban was agreement to the 'Durban Platform', including the decision to negotiate a new "protocol, another legal instrument or an agreed outcome with legal force under the Convention" that will apply to all countries - both developed and developing. The importance of carbon markets to addressing climate change was also reinforced in Durban. The priority in 2012-13 will be to contribute to the development of all elements of the Durban Platform and to continue to work within the UNFCCC, bilaterally and regionally to further the development of carbon markets.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of Climate Change and Energy Efficiency Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	-	-	-	-
Departmental appropriation ³	49,965	104,297	154,262	177,948
s31 Relevant agency receipts ⁴	-	-	-	-
Total	49,965	104,297	154,262	177,948
Administered expenses				
Outcome 1	-	107,166	107,166	1,335,200
Payments to CAC Act bodies	-	-	-	-
Total	-	107,166	107,166	1,335,200
Total ordinary annual services	A 49,965	211,463	261,428	1,513,148
Other services⁵				
Administered expenses				
Specific payments to States, ACT, NT and local government				
Outcome 1	-	6,889	6,889	7,138
Total	-	6,889	6,889	7,138
Departmental non-operating				
Equity injections	24,724	100	24,824	30,801
Total	24,724	100	24,824	30,801
Total other services	B 24,724	6,989	31,713	37,939
Total available annual appropriations	74,689	218,452	293,141	1,551,087
Total net resourcing for DCCEE	74,689	218,452	293,141	1,551,087

1 Appropriation Bill (No.1) 2012-13.

2 Estimated adjusted balance carried forward from previous year.

3 Includes an amount of \$7.297m in 2012-13 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

4 s31 Relevant Agency receipts — estimate.

5 Appropriation Bill (No.2) 2012-13.

Reader note: All figures are GST exclusive.

Department of Climate Change and Energy Efficiency Budget Statements

Third party payments from and on behalf of other agencies

	2012-13	2011-12
	\$'000	\$'000
Payments made by other agencies on behalf of DCCEE		
Department of Human Services	-	1,241

1.3 BUDGET MEASURES

Budget measures relating to the Department of Climate Change and Energy Efficiency are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Revenue measures						
National Greenhouse and Energy Minimum Standards Program - establishment	1.2					
Administered revenues		-	4,965	5,283	5,807	6,708
Departmental revenues		-	-	-	-	-
Total		-	4,965	5,283	5,807	6,708
Total revenue measures						
Administered		-	4,965	5,283	5,807	6,708
Departmental		-	-	-	-	-
Total		-	4,965	5,283	5,807	6,708
Expense measures						
National Greenhouse and Energy Minimum Standards Program - establishment	1.2					
Administered expenses		-	1,146	8,286	9,052	9,346
Departmental expenses		-	2,966	7,763	8,200	8,281
Total		-	4,112	16,049	17,252	17,627
Tax Breaks for Green Buildings - Closure ¹	1.2					
Administered expenses		-	-	-	-	-
Departmental expenses		(750)	(4,200)	(4,200)	(4,000)	(2,000)
Total		(750)	(4,200)	(4,200)	(4,000)	(2,000)
Building energy efficiency - additional funding	1.2					
Administered expenses		-	600	800	800	620
Departmental expenses		-	-	-	-	-
Total		-	600	800	800	620
Climate Change Adaptation Program - extension	1.3					
Administered expenses		-	3,000	-	-	-
Departmental expenses		-	-	-	-	-
Total		-	3,000	-	-	-
Total expense measures						
Administered		-	4,746	9,086	9,852	9,966
Departmental		(750)	(1,234)	3,563	4,200	6,281
Total		(750)	3,512	12,649	14,052	16,247

¹ The lead agency for measure Tax Breaks for Green Buildings – Closure is the Treasury. The full measure description and package details appear in Budget Paper 2 under the Treasury portfolio.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Climate Change and Energy Efficiency in achieving Government outcomes.

Outcome 1: Reduction of Australia's greenhouse gas emissions, adaptation to the impacts of climate change, and negotiation of an effective global solution, through the development and implementation of a national response to climate change; and bilateral, regional and multilateral engagement internationally

The Department's outcome consists of four programs. The programs are:

- 1.1 - Reducing Australia's greenhouse gas emissions
- 1.2 - Improving Australia's energy efficiency
- 1.3 - Adapting to climate change, and
- 1.4 - Helping to shape a global climate change solution.

These programs will help to reduce carbon emissions and mitigate the impact of climate change.

Outcome 1 Strategy

- Deliver Australia's greenhouse gas emissions reduction targets through mechanisms that drive cost effective emissions reductions, including through energy efficiency and pricing of carbon, and accelerated development and deployment of renewable energy technologies.
- Achieve significant improvements in Australia's energy efficiency performance and greater use of distributed and renewable energy.

Department of Climate Change and Energy Efficiency Budget Statements

- Build Australia's capacity to manage the impacts of climate change through well-coordinated science and research and through policy and program support for effective adaptation action.
- Influence the development of international policies and measures in relation to climate change through the pursuit of broad based international climate action and agreement.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Reduction of Australia's greenhouse gas emissions, adaptation to the impacts of climate change, and negotiation of an effective global solution, through the development and implementation of a national response to climate change; and bilateral, regional and multilateral engagement internationally	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Reducing Australia's Greenhouse Gas Emissions		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,030,725	5,727
Other services (Appropriation Bill No. 2)	-	-
Departmental expenses		
Departmental appropriation ¹	88,219	48,369
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	7,734	8,429
Total for Program 1.1	1,126,678	62,525
Program 1.2: Improving Australia's Energy Efficiency		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	271,025	80,064
Other services (Appropriation Bill No. 2)	7,138	6,889
Departmental expenses		
Departmental appropriation ¹	65,636	29,411
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	4,284	1,995
Total for Program 1.2	348,083	118,359
Program 1.3: Adapting to Climate Change		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	30,330	18,375
Other services (Appropriation Bill No. 2)	-	-
Departmental expenses		
Departmental appropriation ¹	8,580	9,910
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	1,074	920
Total for Program 1.3	39,984	29,205
Program 1.4: Helping to Shape a Global Climate Change Solution		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,120	3,000
Other services (Appropriation Bill No. 2)	-	-
Departmental expenses		
Departmental appropriation ¹	15,513	16,607
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	725	860
Total for Program 1.4	19,358	20,467

Table 2.1: Budgeted Expenses for Outcome 1 (continued)

	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,335,200	107,166
Other services (Appropriation Bill No. 2)	7,138	6,889
Departmental expenses		
Departmental appropriation ¹	177,948	104,297
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	13,817	12,204
Total expenses for Outcome 1	1,534,103	230,556
	2011-12	2012-13
Average Staffing Level (number) ³	947	603

The Department of Climate Change and Energy Efficiency ASL (all staff and SES) is projected to reduce in 2012-13 primarily as a result of the closure of administered programs and the establishment of the Clean Energy Regulator.

1 Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

2 Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense and Amortisation Expense.

3 The Department's 2011-12 ASL number includes staffing associated with the implementation of the Clean Energy Regulator whereas the 2012-13 ASL number does not.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Reducing Australia's greenhouse gas emissions

Program 1.1 objective

- Deliver Australia's greenhouse gas emissions reduction targets through mechanisms that drive cost effective emissions reductions, including through energy efficiency and pricing of carbon, and accelerated development and deployment of renewable energy technologies.

Program 1.1 expenses

- There were no new measures announced in the 2012-13 Budget.

Program Expenses 1.1

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Climate Change - Foundation Campaign	8,200	-	-	-	-
Clean Energy Future - Extending the benefits of the Carbon Farming Initiative ¹	-	2,158	2,495	2,561	2,432
Carbon Farming Initiative - Non-Kyoto Fund ²	-	900	48,850	45,750	59,729
Voluntary Action Pledge Fund and GreenPow er purchases	895	669	496	378	381
Public Information Campaign	21,630	2,000	-	-	-
Energy Security Fund	1,000,000	-	-	-	-
Program support ³	88,219	48,369	44,907	43,607	42,846
Expenses not requiring appropriation in the Budget year ⁴	7,734	8,429	7,442	7,103	785
Total program expenses	1,126,678	62,525	104,190	99,399	106,173

¹ Extending the benefits of the Carbon Farming Initiative includes Carbon Farming Futures developing estimation methodologies and the research and estimation development component of the Indigenous Carbon Farming Fund.

² Includes the Carbon Farming Initiative non-Kyoto Fund and Carbon Farming Skills.

³ The Department has revised its methodology for calculating program support that more closely reflects the appropriation basis.

⁴ Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

Program 1.1 Deliverables

- A carbon price mechanism that sends a price signal to the community and business to support Australia's transition to a low carbon economy.
- Finalisation of industry assistance arrangements under the carbon price mechanism, including the Jobs and Competitiveness Program.
- Policy support for the Clean Energy Regulator's (CER) administration of the carbon pricing mechanism, Carbon Farming Initiative (CFI), Renewable Energy Target (RET) and National Greenhouse and Energy Reporting System (NGERS).
- Support for the Climate Change Authority (the Authority), including its review of the RET.
- Oversight of the CFI including: any required regulations or determination; development of CFI methodologies; supporting the Domestic Offsets Integrity Committee (DOIC) to assess CFI methodologies; implementation of accreditation scheme and qualification for carbon service providers; and design of the CFI non-Kyoto Fund.
- Oversight of the National Carbon Offset Standard (NCOS), including management of the delivery by Low Carbon Australia Limited (LCAL) of the Carbon Neutral program and clarifying stakeholder queries on the standard.
- Continue operating the National Authority to assess applications from entities seeking to establish offset projects under the United Nations Framework Convention on Climate Change's (UNFCCC) Clean Development Mechanism and Joint Implementation.
- Support the implementation of Clean Energy Future (CEF) energy security measures including the Energy Security Fund and Energy Security Council.
- Policy advice on the RET scheme to deliver on the Government's target of 20 per cent renewable energy in Australia's electricity supply by 2020.
- Implement the National Carbon Accounting Toolbox (NCAT) for forestry and agriculture.
- The National Greenhouse and Energy Reporting System (NGERS) that effectively supports the operation of the carbon price mechanism, and builds understanding of Australia's national emissions profile and inventory, by monitoring corporate emissions, energy production and consumption.
- Produce and release the National Greenhouse Accounts, including reporting Australia's greenhouse gas inventory under the UNFCCC and Kyoto Protocol.
- An update to Australia's emissions projections, taking into account updated economic and sector specific information and projections.
- Support Low Carbon Australia to help businesses take action to improve their energy efficiency and reduce emissions.

Program 1.1 Key Performance Indicators

- Timely, high quality, robust, evidence-based advice that meets ministerial expectations and informs development of the Government's climate change mitigation policies and understanding of developments in international carbon markets.
- Legislation and regulations (if required) are provided to Government within agreed timeframes following appropriate consultation.
- Timely completion of Jobs and Competitiveness Program arrangements in accordance with agreed standards.
- Timely, high quality policy support that meets the expectations of the CER and the Authority.
- Timely oversight of the CFI including: implementation of regulations and other instruments; development of CFI methodologies; support of the DOIC in providing advice to the Minister; development and implementation of an accreditation scheme; and development of the CFI non-Kyoto Fund.
- Oversight of the NCOS is effective through timely responses to queries regarding the standard and management of the delivery, by Low Carbon Australia, of the Carbon Neutral program.
- Effectively administer the National Authority for the Clean Development Mechanism and Joint Implementation in accordance with Australia's National Guidelines and Procedures for Approving Participation in Clean Development Mechanism and Joint Implementation Projects.
- Emissions projections and abatement potentials of mitigation measures are widely accessed and accepted.
- The NCAT for forestry and agriculture implemented by June 2013.
- Submit Australia's national greenhouse gas inventory under the UNFCCC and Kyoto Protocol by 15 April 2013.
- Support Low Carbon Australia to help businesses take action to improve their energy efficiency and reduce emissions.

Program 1.2: Improving Australia's Energy Efficiency

Program 1.2 objective

- Significant improvements in Australia's energy efficiency performance and greater use of distributed and renewable energy.

Program 1.2 expenses

- Variations in program expenses over the forward years are due to new measures announced in the 2012-13 Budget.

Program Expenses 1.2

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Solar Cities	15,783	8,099	-	-	-
Energy Efficiency Programs	6,120	650	800	800	620
Solar Hot Water Initiative	42,816	500	-	-	-
Green loans / Green start	3,013	-	-	-	-
Home Insulation Program	170,793	-	-	-	-
GEMS National Legislative Framework	-	2,966	5,486	5,852	5,546
Clean Energy Future -					
Low Carbon Communities	28,000	52,314	82,166	73,032	48,014
Carbon Price Deductable Gift Recipient Fund	-	4,535	4,787	5,054	5,408
Energy Efficiency Information Grants	4,500	11,000	11,000	8,418	-
Other services (Appropriation Bill No. 2)					
National Solar Schools Plan	7,138	6,889	-	-	-
Program support ¹	65,636	29,411	24,008	17,176	16,847
Expenses not requiring appropriation in the Budget year ²	4,284	1,995	1,308	791	151
Total program expenses	348,083	118,359	129,555	111,123	76,586

¹ The Department has revised its methodology for calculating program support that more closely reflects the appropriation basis.

² Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

Program 1.2 Deliverables

- An integrated suite of complementary measures, working in partnership with governments, industry and the community to promote and improve energy efficiency, assist households, and accelerate the development and deployment of distributed and renewable energy technologies to reduce greenhouse gas emissions.

Program 1.2 Key Performance Indicators

- Timely, high quality, robust, evidence-based advice that meets ministerial expectations and informs development of the Government's energy efficiency policies.
- Complete the annual report on Energy Efficiency in Government Operations (EEGO) within the agreed timeframe and service quality.
- Implementation of National Strategy on Energy Efficiency (NSEE) measures according to agreed timelines through working with states and territories.
- Implement the Mandatory Energy Performance Standards (MEPS) within agreed timeframe and service quality.
- Continue implementation of the *Building Energy Efficiency Disclosure (BEED) Act*, and ensure legislation is provided to Government within agreed timeframes following appropriate consultation, including on the Greenhouse and Energy Minimum Standards (GEMS).
- Implement and administer the Solar Cities program with Solar Cities delivering to their communities, products and services designed to trial new sustainable models for electricity supply and use.
- Implement and administer programs on behalf of Government within the Commonwealth Grant Guidelines (CGG's) and the Department's policies and procedures, including: the Energy Efficiency Information Grants; the National Solar Schools Program (NSSP); and Low Carbon Communities (LCC).
- Manage the closure and compliance activities on behalf of Government within agreed timeframes for the Home Insulation Program (HIP), Renewable Energy Bonus Scheme (REBS) Solar Hot Water Rebate and Remote Renewable Power Generation Program (RRPGP).
- Provide Government with a progress report on the merits of establishing an Energy Savings Initiative (ESI) within agreed timeframes.

Program 1.3: Adapting to Climate Change

Program objective

- Build Australia's capacity to manage the impacts of climate change through well-coordinated science and research and through policy support for effective adaptation action.

Program expenses

- Variations in program expenses over the forward years are due to a new measure announced in the 2012-13 Budget.

Program Expenses 1.3

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forw ard year 1 (\$'000)	2014-15 Forw ard year 2 (\$'000)	2015-16 Forw ard year 3 (\$'000)
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Climate Change Science Program	7,800	7,800	7,800	7,800	7,800
National Climate Change Adaptation Centre	22,530	3,000	-	-	-
Clean Energy Future - Natural resource management for climate change	-	7,575	3,575	1,250	1,248
Program support ¹	8,580	9,910	9,763	10,566	10,318
Expenses not requiring appropriation in the Budget year ²	1,074	920	622	547	114
Total program expenses	39,984	29,205	21,760	20,163	19,480

¹ The Department has revised its methodology for calculating program support that more closely reflects the appropriation basis

² Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

Program 1.3 Deliverables

- A whole of government policy framework for climate change adaptation which supports the Australian community and industry to manage risks from the impacts of climate change.
- Implement the Government's policy and lead national reform efforts on climate change adaptation.
- Support the Climate Commission to provide information and expert advice to the Australian community on climate change science and impacts; and international action
- Climate change risk information and tools to assist decision makers, including climate projections.
- Representation and participation on Intergovernmental Panel on Climate Change (IPCC).
- Implement the National Framework for Climate Change Science to identify climate change science priorities and to focus Australia's climate science expertise on an agreed set of national priorities.

Program 1.3 Key Performance Indicators

- Timely, high quality, robust, evidence-based advice that meets ministerial expectations and informs development of the Government's climate change adaptation and climate science policies.
- Effective coordination of climate change adaptation activities within the Australian Government which ensures a consistent whole of government approach.
- Timely and high quality information and secretariat support to the Climate Commission in delivering its work program.
- Well targeted information on climate change projections that meet the needs of government, business and communities.
- Effective representation of Australia's interests in the activities of the Intergovernmental Panel on Climate Change and support for the development of the 5th Assessment Report.
- Clear, timely and robust advice to the Government in relation to climate change science and delivery of the Plan for Implementing the National Climate Change Science Framework.

Program 1.4: Helping to shape a global climate change solution

Program objective

- Influence the development of international policies and measures in relation to climate change through the pursuit of broad based international climate action and agreement.

Program expenses

- There were no new measures announced in the 2012-13 Budget.

Program Expenses 1.4

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forw ard year 1 (\$'000)	2014-15 Forw ard year 2 (\$'000)	2015-16 Forw ard year 3 (\$'000)
Annual administered expenses:					
Ordinary annual services (Appropriation Bill No. 1)					
Influencing International Climate Change	3,120	3,000	3,000	3,000	3,000
Program support	15,513	16,607	17,082	18,610	18,318
Expenses not requiring appropriation in the Budget year ¹	725	860	710	642	134
Total program expenses	19,358	20,467	20,792	22,252	21,452

¹ The Department has revised its methodology for calculating program support that more closely reflects the appropriation basis

² Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

Program 1.4 Deliverables

- International strategies and approaches to advance and protect Australia's national interests in a fair and effective global response to climate change.
- Influence international climate change negotiations to advance and protect Australia's national interests and to promote broad based international climate action.
- Strengthen bilateral climate change partnerships with key countries and engagement with geopolitical groupings.
- Regional cooperation initiatives on forestry and continued support for adaptation, especially for vulnerable developing countries in the region.
- Progress discussions and negotiations on linking Australia's carbon price mechanism with the European Union and New Zealand schemes and other schemes.

Program 1.4 Key Performance Indicators

- Timely, high quality, robust, evidence-based policy advice that meets ministerial expectations, pursues Australia's national interests and makes a positive contribution to international efforts.
- Effective strategic engagement with key countries and groups that meets ministerial expectations in advancing Australia's national interests, including in international carbon markets.
- Extent of support by key groupings (members of the Cartagena Dialogue of progressive countries, Pacific Island countries, lesser developed countries, Alliance of Small Island States) for Australian climate change positions.
- Strengthened strategic adaptation planning and climate change science capacity within the Pacific and East Timor through implementation of the International Climate Change Adaptation Initiative.
- Regular liaison arrangements are established with key international stakeholders on linking Australia's carbon price mechanism internationally.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds between years¹

	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1:					
Program 1.1					
Clean Energy Future - Public Information Campaign	(2,000)	2,000	-	-	-
Total Movement of Administered Funds	(2,000)	2,000	-	-	-

¹ Figures displayed as a negative (-) represent a decrease in funds and a positive reflect an increase in funds.

3.1.2 Special Accounts

The Department does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

Outcome 1: Reduction of Australia's greenhouse gas emissions, adaptation to the impacts of climate change, and negotiation of an effective global solution, through the development and implementation of a national response to climate change; and bilateral, regional and multilateral engagement internationally	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
DCCEE							
Outcome 1							
Indigenous Carbon Farming Fund							
Administered 2012-13	884	-	-	884	-	884	1.1
<i>Administered 2011-12</i>	-	-	-	-	-	-	-
Departmental 2012-13	151	-	-	151	-	151	1.1
<i>Departmental 2011-12</i>	-	-	-	-	-	-	-
Total outcome 1 2012-13	1,035	-	-	1,035	-	1,035	
<i>Total outcome 1 2011-12</i>	-	-	-	-	-	-	-
Total AGIE 2012-13	1,035	-	-	1,035	-	1,035	
<i>Total AGIE 2011-12</i>	-	-	-	-	-	-	-

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Department of Climate Change and Energy Efficiency has no significant differences between the resource information presented in the Budget Papers and PB Statements as a result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS).

3.2.2 Analysis of budgeted financial statements

The Department is budgeting to incur expenses of \$109.2m in 2012-13, a decrease of \$94.5m on 2011-12. This decrease is due primarily to the closure of administered programs.

The Department is budgeting for a break-even position in 2012-13 excluding non-appropriated expenses relating to depreciation and amortisation.

The Department's non-financial assets are expected to decrease by \$5.7m due to depreciation and amortisation. Liabilities consist primarily of employee provisions.

The Department is currently negotiating the transfer of funding in 2011-12 following the establishment of the Clean Energy Regulator on 2 April 2012. The funding will be transferred via section 32 of the *FMA Act 1997*, and is expected to be finalised in early May 2012. As such the Department's financial statements do not reflect the Department's actual financial position. The transfer of funding will include the transfer of both assets and liabilities.

Administered

The Department is budgeting to incur expenses of \$116.7m in 2012-13 for programs administered on behalf of Government, a decrease of \$1,225.7m from 2011-12. The decrease is primarily due to the closure of administered programs.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	110,796	63,118	59,478	55,139	54,377
Suppliers	78,782	33,532	30,363	29,392	28,478
Grants	350	350	-	-	-
Depreciation and amortisation	13,817	12,204	10,083	9,083	1,183
Total expenses	203,745	109,204	99,924	93,614	84,038
Net cost of (contribution by) services	203,745	109,204	99,924	93,614	84,038
Revenue from Government	175,928	97,000	89,841	84,531	82,855
Surplus (Deficit) attributable to the Australian Government	(27,817)	(12,204)	(10,083)	(9,083)	(1,183)

Note: Impact of Net Cash Appropriation Arrangements

	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations.	(27,817)	(12,204)	(10,083)	(9,083)	(1,183)
plus depreciation/amortisation expenses previously funded through revenue appropriations	13,817	12,204	10,083	9,083	1,183
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(14,000)	-	-	-	-

Prepared on Australian Accounting Standards basis.

Department of Climate Change and Energy Efficiency Budget Statements

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	811	811	811	811	811
Trade and other receivables	121,939	105,671	111,002	107,400	108,259
Other financial assets	366	276	246	229	220
Total financial assets	123,116	106,758	112,059	108,440	109,290
Non-financial assets¹					
Land and buildings	17,130	22,092	20,484	19,284	19,284
Property, plant and equipment	30,198	26,536	23,329	20,083	24,374
Intangibles	39,677	32,802	26,458	27,248	27,248
Other non-financial assets	331	250	223	207	198
Total non-financial assets	87,336	81,680	70,494	66,822	71,104
Total assets	210,452	188,438	182,553	175,262	180,394
LIABILITIES					
Payables					
Suppliers	1,902	-	-	-	-
Grants	118	118	-	-	-
Other payables	13,017	5,524	5,156	4,535	4,035
Total payables	15,037	5,642	5,156	4,535	4,035
Interest bearing liabilities					
Leases	296	-	-	-	-
Total interest bearing liabilities	296	-	-	-	-
Provisions					
Employee provisions	21,442	16,678	15,343	12,329	13,670
Other provisions	2,752	-	-	-	-
Total provisions	24,194	16,678	15,343	12,329	13,670
Total liabilities	39,527	22,320	20,499	16,864	17,705
Net assets	170,925	166,118	162,054	158,398	162,689
EQUITY*					
Parent entity interest					
Contributed equity	163,799	171,196	177,215	182,642	188,116
Reserves	302	302	302	302	302
Retained surplus (accumulated deficit)	6,824	(5,380)	(15,463)	(24,546)	(25,729)
Total parent entity interest	170,925	166,118	162,054	158,398	162,689
Total Equity	170,925	166,118	162,054	158,398	162,689

* 'Equity' is the residual interest in assets after deduction of liabilities.

1 The 2011-12 estimated actual includes \$29.461 million of capital funding appropriated to the Department for the setup of the Clean Energy Regulator (CER) on 2 April 2012. Written-down value of CER non-financial assets will transfer from the Department upon the finalisation of the section 32 agreement.

Prepared on Australian Accounting Standards basis

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	6,824	302	-	163,799	170,925
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	6,824	302	-	163,799	170,925
Comprehensive income					
Other comprehensive income					
Surplus (deficit) for the period	(12,204)	-	-	-	(12,204)
Total comprehensive income					
of which:					
Attributable to the Australian Government	(12,204)	-	-	-	(12,204)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	100	100
Departmental Capital Budget (DCBs)	-	-	-	7,297	7,297
Sub-total transactions with owners	-	-	-	7,397	7,397
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2013	(5,380)	302	-	171,196	166,118

Prepared on Australian Accounting Standards basis.

Department of Climate Change and Energy Efficiency Budget Statements

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	246,283	110,420	91,920	84,531	82,855
Sale of goods and rendering of services	-	-	-	-	-
Net GST received	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	246,283	110,420	91,920	84,531	82,855
Cash used					
Employees	130,816	69,556	61,557	55,139	54,377
Suppliers	78,570	33,532	30,363	29,392	28,478
Other	350	350	-	-	-
Total cash used	209,736	103,438	91,920	84,531	82,855
Net cash from (used by) operating activities	36,547	6,982	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	69,368	14,379	6,019	5,427	5,474
Other	-	-	-	-	-
Total cash used	69,368	14,379	6,019	5,427	5,474
Net cash from (used by) investing activities	(69,368)	(14,379)	(6,019)	(5,427)	(5,474)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	-	-	-	-
Other	32,821	7,397	6,019	5,427	5,474
Total cash received	32,821	7,397	6,019	5,427	5,474
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	32,821	7,397	6,019	5,427	5,474
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	811	811	811	811	811
Cash and cash equivalents at the end of the reporting period	811	811	811	811	811

Prepared on Australian Accounting Standards basis.

Department of Climate Change and Energy Efficiency Budget Statements

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	2,020	7,297	5,919	5,427	5,474
Equity injections - Bill 2	30,801	100	100	-	-
Total new capital appropriations	32,821	7,397	6,019	5,427	5,474
Provided for:					
Purchase of non-financial assets	32,821	7,397	6,019	5,427	5,474
Other Items	-	-	-	-	-
Total Items	32,821	7,397	6,019	5,427	5,474
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	67,348	7,082	100	-	-
Funded by capital appropriation - DCB	2,020	7,297	5,919	5,427	5,474
TOTAL	69,368	14,379	6,019	5,427	5,474
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	69,868	14,379	6,019	5,427	5,474
less s32 / restructuring	500	-	-	-	-
Total cash used to acquire assets	69,368	14,379	6,019	5,427	5,474

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2012-13)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012				
Gross book value	21,864	24,903	55,913	102,680
Accumulated depreciation/amortisation and impairment	(4,734)	(2,876)	(15,815)	(23,425)
Opening net book balance	17,130	22,027	40,098	79,255
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	6,962	7,292	125	14,379
By purchase - appropriation ordinary annual services ²	-	-	-	-
Total additions	6,962	7,292	125	14,379
Other movements				
Assets held for sale or in a disposal group held for sale				
Depreciation/amortisation expense	(2,000)	(2,783)	(7,421)	(12,204)
Total other movements	(2,000)	(2,783)	(7,421)	(12,204)
As at 30 June 2013				
Gross book value	28,826	32,195	56,038	117,059
Accumulated depreciation/amortisation and impairment	(6,734)	(5,659)	(23,236)	(35,629)
Closing net book balance	22,092	26,536	32,802	81,430

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Employee benefits	-	-	-	-	-
Suppliers	118,330	45,210	59,920	58,586	72,679
Grants	1,224,008	71,445	113,335	98,509	65,299
Total expenses administered on behalf of Government	1,342,338	116,655	173,255	157,095	137,978
Non-taxation revenue					
Fees and fines	-	2,365	2,483	2,607	2,908
Other revenue	-	2,600	2,800	3,200	3,800
Total non-taxation revenue	-	4,965	5,283	5,807	6,708
Total own-source revenues administered on behalf of Government	-	4,965	5,283	5,807	6,708
Total own-sourced income administered on behalf of Government	-	4,965	5,283	5,807	6,708
Net Cost of (contribution by) services	1,342,338	116,655	173,255	157,095	137,978
Surplus (Deficit)	(1,342,338)	(111,690)	(167,972)	(151,288)	(131,270)
Total comprehensive income (loss)	(1,342,338)	(111,690)	(167,972)	(151,288)	(131,270)

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	10,952	10,952	10,952	10,952	10,952
Other investments	7,380	7,380	7,380	7,380	7,380
Total financial assets	18,332	18,332	18,332	18,332	18,332
Total assets administered on behalf of Government	18,332	18,332	18,332	18,332	18,332
LIABILITIES					
Payables					
Suppliers	10,245	245	245	245	245
Grants	13,082	10,992	10,992	10,992	10,992
Other payables	24,965	24,965	24,965	24,965	24,965
Total payables	48,292	36,202	36,202	36,202	36,202
Total liabilities administered on behalf of Government	48,292	36,202	36,202	36,202	36,202

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and services	-	2,365	2,483	2,607	2,908
Appropriation Receipts	1,330,248	126,145	170,455	153,895	134,178
Other	-	2,600	2,800	3,200	3,800
Total cash received	1,330,248	131,110	175,738	159,702	140,886
Cash used					
Grants	1,221,918	73,535	113,335	98,509	65,299
Suppliers	108,330	55,210	59,920	58,586	72,679
Other	4,019	2,365	2,483	2,607	2,908
Total cash used	1,334,267	131,110	175,738	159,702	140,886
Net cash from (used by) operating activities	(4,019)	-	-	-	-
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	4,019	-	-	-	-
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the Financial Management and Accountability Orders;
- Australian Equivalents of International Financial Reporting Standards (AEIFRS) issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

The statements have been prepared on an accrual basis and are in accordance with historical cost principles except for certain assets, which, as noted, are at valuation.

Departmental Income

Income includes the following items:

- Revenues from Government – amounts appropriated to the Department; and
- Goods and Services – revenue is recognised upon the delivery of goods and services to customers.

Expenses

The Department applies a uniform policy for all grants. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

All other expenses are recognised on an accrual basis, as and when these can be reliably estimated.

Assets

Land, buildings, plant and equipment are carried at their fair value.

Non-current assets are reviewed at balance date for internal and external indications of impairment. Where indications of impairment are identified for an asset, its recoverable amount is determined and where lower than its carrying amount, written down to that amount.

The Department's intangible assets comprise the acquisition of software configured for internal use and internally developed software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Liabilities

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes provision for annual leave and long service leave.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled which represent their fair value. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Administered

Administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Clean Energy Regulator

Agency resources and planned performance

CLEAN ENERGY REGULATOR

Section 1: Agency overview and resources	51
1.1 Strategic Direction Statement	51
1.2 Agency Resource Statement	53
1.3 Budget Measures.....	55
Section 2: Outcomes and planned performance	57
2.1 Outcomes and performance information	57
Section 3: Explanatory tables and budgeted financial statements	63
3.1 Explanatory tables	63
3.2 Budgeted Financial Statements.....	64

CLEAN ENERGY REGULATOR

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Clean Energy Regulator was established on 2 April 2012 as a statutory authority under the *Clean Energy Regulator Act 2011*. The Clean Energy Regulator will contribute to building a clean energy future for Australia through the effective implementation and administration of the Renewable Energy Target, National Greenhouse and Energy Reporting scheme, the Carbon Farming Initiative, the Australian National Registry of Emissions Units and the carbon pricing mechanism.

The Clean Energy Regulator will work with its stakeholders and clients including Australian Government departments and agencies, industry bodies, liable entities and the community to provide regulatory services of the highest standard.

The primary functions and responsibilities of the Clean Energy Regulator include:

- Administering the National Greenhouse and Energy Reporting scheme, the Renewable Energy Target, the carbon pricing mechanism and the Carbon Farming Initiative.
- Providing education to its clients and other stakeholders.
- Assessing submitted emissions data and electricity purchases to determine each regulated entity's liability under the carbon pricing mechanism and Renewable Energy Target.
- Operating an emissions unit registry for trade of emissions units.
- Allocating units, including freely allocated units, fixed price units and auctioned units.
- Accrediting auditors for the Carbon Farming Initiative and the National Greenhouse Energy Reporting scheme.
- Monitoring, facilitating and enforcing compliance with the carbon pricing mechanism, the Carbon Farming Initiative, Renewable Energy Target schemes and National Greenhouse and Energy Reporting.
- Validating renewable energy certificates, and accrediting renewable energy power stations.

CER Budget Statements

- Working with other national law enforcement and regulatory bodies, including the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission, the Australian Transaction Reports and Analysis Centre, the Federal Police and the Commonwealth Director of Public Prosecutions.

The carbon pricing mechanism will apply to entities that exceed 25,000 tonnes of carbon dioxide equivalent (CO₂-e) emissions per year, or supply or use large quantities of natural gas. The carbon pricing mechanism creates incentives for these entities to reduce their emissions and invest in clean energy. These liable entities are required to report on their emissions and will have an obligation to pay for every tonne of CO₂-e emitted. Liable entities can meet their obligations either by surrendering units or by paying a unit shortfall charge.

The carbon pricing mechanism covers around 60 per cent of Australia's carbon emissions and includes emissions from electricity generation, stationary energy, landfills, wastewater, industrial processes and fugitive emissions.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Clean Energy Regulator Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

	Estimate of prior + year amounts available in 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	-	-	-	-
Departmental appropriation ^{3,4}	-	74,549	74,549	14,277
s31 Relevant agency receipts ⁵	-	-	-	-
Total	-	74,549	74,549	14,277
Administered expenses				
Outcome 1	-	4,539	4,539	3,000
Payments to CAC Act bodies	-	-	-	-
Total	-	4,539	4,539	3,000
Total ordinary annual services	A	-	79,088	17,277
Other services⁶				
Administered expenses				
Specific payments to States, ACT, NT and local government				
Outcome 1	-	-	-	-
Total	-	-	-	-
Departmental non-operating				
Equity injections ⁴	-	17,757	17,757	3,500
Total	-	17,757	17,757	3,500
Total other services	B	-	17,757	3,500
Total available annual appropriations	-	96,845	96,845	20,777
Special appropriations				
Special appropriations limited by criteria/entitlement				
<i>Clean Energy Act 2011</i>	-	664,419	664,419	-
<i>Renewable Energy (Electricity) Act 2000</i>	5,073	1,930	7,003	158
Total special appropriations	C	5,073	666,349	158
Total net resourcing for CER	5,073	763,194	768,267	20,935

1 Appropriation Bill (No.1) 2012-13.

2 Estimated adjusted balance carried forward from previous year.

3 Includes an amount of \$1.4m in 2012-13 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

4 Estimate of prior year amounts available in 2012-13 excludes funding appropriated to DCCEE in 2011-12 for setup of the Regulator which will transfer to the Regulator upon finalisation of the section 32 agreement.

5 s31 Relevant Agency receipts — estimate.

6 Appropriation Bill (No.2) 2012-13.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to the Clean Energy Regulator are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Revenue measures						
Clean Energy Future (CEF)	1.1					
- Coverage of non-transport gaseous fuels under the carbon pricing mechanism						
Administered revenues		-	..	75,000	75,000	80,000
Departmental revenues		-	-	-	-	-
Total		-	..	75,000	75,000	80,000
Total revenue measures						
Administered		-	..	75,000	75,000	80,000
Departmental		-	-	-	-	-
Total		-	..	75,000	75,000	80,000

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Clean Energy Regulator in achieving Government outcomes.

Outcome 1: *Contribute to a reduction in Australia's net greenhouse gas emissions, including through the administration of a carbon price on liable emissions intensive businesses and other entities; promoting additional renewable electricity generation; and land-based initiatives that support carbon abatement*

Outcome 1 Strategy

To deliver the outcome the Clean Energy Regulator will support entities to meet their obligations by:

- Providing information, guidance and education about the carbon pricing mechanism, Renewable Energy Target, National Greenhouse and Energy Reporting scheme, the Australian National Registry of Emissions Units and the Carbon Farming Initiative;
- Consulting on the design and implementation of administrative processes and systems;
- Monitoring and enforcing those clean energy laws for which it is responsible through information-gathering, inspection and exercise of its enforcement powers where necessary; and
- Facilitating reductions in carbon emissions and investment in clean energy by:
 - Ensuring compliance by liable entities;
 - Maintaining the national registry of emissions units;
 - Auctioning, allocating and acquitting emissions units;
 - Accrediting auditors for the Carbon Farming Initiative and the National Greenhouse and Energy Reporting scheme;

CER Budget Statements

- Providing assistance in the form of free units to eligible entities;
- Validating renewable energy certificates; and
- Accrediting renewable energy power stations.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for outcome 1, by program.

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Contribute to a reduction in Australia's net greenhouse gas emissions, including through the administration of a carbon price on liable emissions intensive businesses and other entities; promoting additional renewable electricity generation; and land-based initiatives that support carbon abatement	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Clean Energy Regulator		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,000	4,539
Other services (Appropriation Bill No. 2)	-	-
Special appropriations ³	158	666,349
Special Accounts	-	-
Departmental expenses		
Departmental appropriation ¹	14,277	74,549
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	1,336	5,754
Total for Program 1.1	18,771	751,191
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,000	4,539
Other services (Appropriation Bill No. 2)	-	-
Special appropriations ³	158	666,349
Special Accounts	-	-
Departmental expenses		
Departmental appropriation ¹	14,277	74,549
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year ²	1,336	5,754
Total expenses for Outcome 1	18,771	751,191
Average Staffing Level (number) ⁴	77	355

1 Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.
 2 Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

3 The Administered Expense Special Appropriation includes the Buyback of Certain Free Carbon Units under the Jobs and Competitiveness program.

4 The Agency's 2011-12 ASL number is based on staffing from 2 April to 30 June 2012, whereas the ASL number for 2012-13 is based on a full year.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Clean Energy Regulator

Program objective

- Support Australia's obligations under the Climate Change Convention and Kyoto Protocol.
- Send a price signal to the community and business to support Australia's transition to a low carbon economy through the application of a carbon pricing mechanism.
- Provide industry assistance arrangements under the carbon pricing mechanism, including the Jobs and Competitiveness Program and the Energy Security Fund Coal Fired Generators Assistance - Free Carbon Units.
- Maintain the Australian National Registry of Emissions Units.
- Maintain a national reporting framework for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of liable entities and registered corporations (as applicable) to:
 - Inform government policy formulation and the Australian public;
 - Meet Australia's international reporting obligations;
 - Assist Commonwealth, State and Territory government programs and activities; and
 - Avoid the duplication of similar reporting requirements in the states and territories.
- Establish the Liable Entities Public Information Database.
- Establish strong partnerships with other regulatory and law enforcement agencies.
- Encourage increased investment in renewable electricity generation through administration of the Renewable Energy Target.
- Provide a mechanism for crediting domestic land sector offsets through the Carbon Farming Initiative.

Program expenses

- There were no new expense measures announced in the 2012-13 Budget.

Program 1.1 Expenses

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forward year 1 (\$'000)	2014-15 Forward year 2 (\$'000)	2015-16 Forward year 3 (\$'000)
Annual administered expenses:					
Other Administered	3,000	4,539	3,745	3,817	3,817
Special Appropriations:					
Renewable Energy Electricity Act 2000	158	1,930	1,605	2,588	2,947
Clean Energy Act 2011	-	664,419	1,364,764	1,466,520	425,944
Program support	14,277	74,549	66,787	64,051	64,537
Expenses not requiring appropriation in the Budget year ¹	1,336	5,754	5,835	5,137	3,543
Total program expenses	18,771	751,191	1,442,736	1,542,113	500,788

¹ Expenses not requiring appropriation in the Budget year is made up of Depreciation and Amortisation Expense.

Program 1.1 Deliverables

- Administration of the carbon pricing mechanism.
- Management of the Carbon Farming Initiative through the issue of carbon credit units in relation to eligible offsets projects.
- Administration and regulation of national Renewable Energy Target schemes:
 - Maintaining the Large-scale generation certificates and small-scale technology certificates Registries and small-scale technology certificates Clearing House.
 - Validating liability transfer certificates and small-scale technology certificates.
 - Providing partial exemptions for the emission intensive trade exposed industries.
- Monitoring of emissions reporting, managing carbon units and acquitting liability via the Australian National Registry of Emissions Units and the National Greenhouse and Energy Reporting scheme.
- Publication of the National Greenhouse Gas Inventory for 2011.
- Publication of the Liable Entity Public Information Database.
- Publication of up to date emissions projections, taking into account updated economic and sector specific information and projections for Australia.
- Compliance inspections and annual audited compliance statements.
- Discharge of annual liabilities.

- Maintenance of a range of communication channels, reaching out to inform business and provide opportunities for interaction.
- Assistance to the Department of Climate Change and Energy Efficiency to implement the National Carbon Offset Standard that supports the integrity of the voluntary carbon offset market.
- Assistance to the Department of Climate Change and Energy Efficiency to provide nationally consistent emissions estimations for forestry and agriculture through the implementation of the National Carbon Accounting Toolbox.

Program 1.1 Key Performance Indicators

- Administration of Carbon Pricing Mechanism.
- Jobs and Competitiveness Program and the Energy Security Fund Coal Fired Generators Assistance - Free Carbon Units efficiently and effectively administered.
- Fully compliant voluntary crediting of domestic land sector offsets.
- Contribution to the first report of nationally consistent emissions estimations for forestry and agriculture.
- Contribution to Australia's international reporting obligations.
- Commonwealth, State and Territory government programs and activities assisted through relevant, accurate and timely provision of data.
- Duplication of similar reporting requirements across jurisdictions minimised.
- Relevant liable entities covered by the Clean Energy Regulator legislation identified and published.
- Compliance inspections conducted and annual compliance statements audited.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

There have been no movement of funds between years in the 2012-13 Budget.

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by CER.

Table 3.1.2: Estimates of Special Account Flows and Balances

	Opening balance 2012-13 <i>2011-12</i>	Receipts 2012-13 <i>2011-12</i>	Payments 2012-13 <i>2011-12</i>	Adjustments 2012-13 <i>2011-12</i>	Closing balance 2012-13 <i>2011-12</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Renew able Energy Special Account	1 -	-	-	-	-
Total Special Accounts 2012-13 Budget estimate	-	-	-	-	-
<i>Total Special Accounts 2011-12 estimate actual</i>	-	-	-	-	-

(A) = Administered

(D) = Departmental

3.1.3 Australian Government Indigenous Expenditure

The 2012-13 Australian Government Indigenous Statement is not applicable because the Clean Energy Regulator has no indigenous specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Clean Energy Regulator has no significant differences between the resource information presented in the Budget Papers and the Portfolio Budget Statements.

3.2.2 Analysis of budgeted financial statements

The CER is budgeting to incur expenses of \$78.9m in 2012-13.

The CER is budgeting for a break-even position in 2012-13 excluding non-appropriated expenses relating to depreciation and amortisation.

The CER's assets are expected to increase by \$13.5m due to increased IT infrastructure. Liabilities consist of employee provisions.

The CER is currently negotiating the receipt of funding in 2011-12 from the Department of Climate Change and Energy Efficiency following the establishment of the Regulator on 2 April 2012. The funding will be transferred via section 32 of the FMA Act 1997, and is expected to be finalised in early May 2012. As such the Regulator's financial statements do not reflect the Regulator's actual financial position. The transfer of funding will include the transfer of both assets and liabilities.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	8,320	41,111	41,223	40,371	40,571
Suppliers	5,957	32,043	24,165	23,097	23,378
Depreciation and amortisation	1,336	5,754	5,835	5,137	3,543
Total expenses	15,613	78,908	71,223	68,605	67,492
Net cost of (contribution by) services	15,613	78,908	71,223	68,605	67,492
Revenue from Government	14,277	73,154	65,388	63,468	63,949
Surplus (Deficit) attributable to the Australian Government	(1,336)	(5,754)	(5,835)	(5,137)	(3,543)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations.	(1,336)	(5,754)	(5,835)	(5,137)	(3,543)
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	1,336	5,754	5,835	5,137	3,543
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	138	187	179	178	178
Trade and other receivables	10,316	16,869	16,582	16,472	16,514
Other financial assets	-	-	-	-	-
Total financial assets	10,454	17,056	16,761	16,650	16,692
Non-financial assets					
Land and buildings	-	-	-	-	-
Property, plant and equipment	1,033	1,855	2,677	2,677	2,677
Intangibles	4,275	16,851	11,629	7,111	4,156
Other non-financial assets	28	136	119	116	117
Total non-financial assets	5,336	18,842	14,425	9,904	6,950
Assets held for sale					
Total assets	15,790	35,898	31,186	26,554	23,642
LIABILITIES					
Payables					
Suppliers	1,875	2,735	2,412	2,377	2,387
Grants	-	-	-	-	-
Other payables	-	-	-	-	-
Total payables	1,875	2,735	2,412	2,377	2,387
Provisions					
Employee provisions	1,019	6,869	6,880	6,801	6,834
Other provisions	-	-	-	-	-
Total provisions	1,019	6,869	6,880	6,801	6,834
Total liabilities	2,894	9,604	9,292	9,178	9,221
Net assets	12,896	26,294	21,894	17,376	14,421
EQUITY*					
Parent entity interest					
Contributed equity	3,500	22,652	24,087	24,706	25,294
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	9,396	3,642	(2,193)	(7,330)	(10,873)
Total parent entity interest	12,896	26,294	21,894	17,376	14,421
Total equity	12,896	26,294	21,894	17,376	14,421

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	9,396	-	-	3,500	12,896
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	9,396	-	-	3,500	12,896
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	(5,754)	-	-	-	(5,754)
Total comprehensive income					
of which:					
Attributable to the Australian Government	(5,754)	-	-	-	(5,754)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	17,757	17,757
Departmental Capital Budget (DCBs)	-	-	-	1,395	1,395
Sub-total transactions with owners	-	-	-	19,152	19,152
Transfers between equity components					
Estimated closing balance as at 30 June 2013	3,642	-	-	22,652	26,294

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,800	66,601	65,675	63,578	63,907
Sale of goods and rendering of services	(39)	-	-	-	-
GST	(212)	-	-	-	-
Other	-	-	-	-	-
Total cash received	11,549	66,601	65,675	63,578	63,907
Cash used					
Employees	7,301	35,261	41,212	40,450	40,538
Suppliers	4,110	31,291	24,471	23,129	23,369
Total cash used	11,411	66,552	65,683	63,579	63,907
Net cash from (used by) operating activities	138	49	(8)	(1)	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,500	19,152	1,435	619	588
Total cash used	3,500	19,152	1,435	619	588
Net cash from (used by) investing activities	(3,500)	(19,152)	(1,435)	(619)	(588)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,500	19,152	1,435	619	588
Total cash received	3,500	19,152	1,435	619	588
Net cash from (used by) financing activities	3,500	19,152	1,435	619	588
Net increase (decrease) in cash held	138	49	(8)	(1)	-
Cash and cash equivalents at the beginning of the reporting period	-	138	187	179	178
Cash and cash equivalents at the end of the reporting period	138	187	179	178	178

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ar d estimate	Forw ar d estimate	Forw ar d estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	1,395	1,399	583	588
Equity injections - Bill 2	3,500	17,757	36	36	-
Total new capital appropriations	3,500	19,152	1,435	619	588
Provided for:					
Purchase of non-financial assets	3,500	19,152	1,435	619	588
Total Items	3,500	19,152	1,435	619	588
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	3,500	17,757	36	36	-
Funded by capital appropriation - DCB	-	1,395	1,399	583	588
TOTAL	3,500	19,152	1,435	619	588
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	-	17,716	-	-	-
plus s32 / restructuring	3,500	1,436	1,435	619	588
Total cash used to acquire assets	3,500	19,152	1,435	619	588

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2012-13)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Other \$'000	Total \$'000
As at 1 July 2012				
Gross book value	1,448	9,434	-	10,882
Accumulated depreciation/amortisation and impairment	(415)	(5,159)	-	(5,574)
Opening net book balance	1,033	4,275	-	5,308
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	822	18,330	-	19,152
By purchase - appropriation ordinary annual services ²	-	-	-	-
Total additions	822	18,330	-	19,152
Other movements				
Assets held for sale or in a disposal group held for sale	-	-	-	-
Depreciation/amortisation expense	-	(5,754)	-	(5,754)
Total other movements	-	(5,754)	-	(5,754)
As at 30 June 2013				
Gross book value	2,270	27,764	-	30,034
Accumulated depreciation/amortisation and impairment	(415)	(10,913)	-	(11,328)
Closing net book balance	1,855	16,851	-	18,706

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	3,158	6,469	5,350	6,405	6,764
Other expenses	-	-	-	43,004	86,866
Total expenses administered on behalf of Government	3,158	6,469	5,350	49,409	93,630
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Carbon price permits ^{1,2}	-	7,690,000	8,685,000	9,275,000	9,400,001
Value of free permits and carbon credits ^{1,3}	-	(2,789,882)	(3,975,459)	(4,278,582)	(4,801,998)
Other	5,089	8,968	5,173	5,021	4,673
Total taxation revenue	5,089	4,909,086	4,714,714	5,001,439	4,602,676
Non-taxation revenue					
Sale of goods and rendering of services	3,063	12,198	8,982	8,072	8,079
Other revenue	-	-	-	-	-
Total non-taxation revenue	3,063	12,198	8,982	8,072	8,079
Total own-source revenues administered on behalf of Government	8,152	4,921,284	4,723,696	5,009,511	4,610,755
Gains					
Other gains	-	23,853	36,057	38,694	-
Total gains administered on behalf of Government	-	23,853	36,057	38,694	-
Total own-sourced income administered on behalf of Government	8,152	4,945,137	4,759,753	5,048,205	4,610,755
Total comprehensive income (loss)	4,994	4,938,668	4,754,403	4,998,796	4,517,125

1 Estimates have been developed in consultation with the Treasury.

2 This represents the total value of carbon permits issued under the carbon pricing mechanism. The estimated net revenue under the carbon pricing mechanism consists of carbon price permits less the value of free permits and carbon credits.

3 Value of free permits and carbon credits relates to free permits issued under the carbon pricing mechanism, and specifically consist of permits issued under the Carbon Farming Initiative, Energy Security Fund, and the Jobs and Competitiveness Program.

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Carbon price revenue receivable ¹	-	1,928,750	2,202,831	2,235,878	90,699
Trade and other receivables	2,626	2,626	2,626	2,626	2,626
Other financial assets	-	-	-	-	-
Total financial assets	2,626	1,931,376	2,205,457	2,238,504	93,325
Total assets administered on behalf of Government	2,626	1,931,376	2,205,457	2,238,504	93,325
LIABILITIES					
Payables					
Suppliers	-	-	-	-	-
Subsidies	-	360,360	388,687	425,946	1
Other payables	535	535	744,051	1,587,253	1,644,695
Total payables	535	360,895	1,132,738	2,013,199	1,644,696
Total liabilities administered on behalf of Government	535	360,895	1,132,738	2,013,199	1,644,696

¹ Estimates have been developed in consultation with the Treasury.

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	3,063	12,198	8,982	8,072	8,079
Appropriation receipts ¹	5,249	670,888	1,370,114	1,472,925	432,708
Carbon Price and other receipts ^{1,2}	5,089	3,364,549	5,248,533	5,844,543	6,292,486
Other	(2,626)	-	-	-	-
Total cash received	10,775	4,047,635	6,627,629	7,325,540	6,733,273
Cash used					
Grant	-	-	-	-	-
Cash to the OPA ¹	8,152	4,041,166	6,622,279	7,319,135	6,726,509
Suppliers	2,745	6,469	5,350	6,405	6,764
Other	(122)	-	-	-	-
Total cash used	10,775	4,047,635	6,627,629	7,325,540	6,733,273
Net cash from (used by) operating activities	-	-	-	-	-
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash and cash equivalents at end of reporting period	-	-	-	-	-

¹ Estimates have been developed in consultation with the Treasury.

² Carbon Price and other receipts is net of free permits issued under the carbon pricing mechanism.

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the Financial Management and Accountability Orders;
- Australian Equivalents of International Financial Reporting Standards (AEIFRS) issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

The statements have been prepared on an accrual basis and are in accordance with historical cost principles except for certain assets, which, as noted, are at valuation.

Departmental Income

Income includes the following items:

- Revenues from Government – amounts appropriated to the Agency; and
- Goods and Services – revenue is recognised upon the delivery of goods and services to customers.

Expenses

The Agency applies a uniform policy for all grants. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

All other expenses are recognised on an accrual basis, as and when these can be reliably estimated.

Assets

Land, buildings, plant and equipment are carried at their fair value.

Non-current assets are reviewed at balance date for internal and external indications of impairment. Where indications of impairment are identified for an asset, its recoverable amount is determined and where lower than its carrying amount, written down to that amount.

The Agency's intangible assets comprise the acquisition of software configured for internal use and internally developed software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Liabilities

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes provision for annual leave and long service leave.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled which represent their fair value. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Administered

Administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Climate Change Authority

Agency resources and planned performance

CLIMATE CHANGE AUTHORITY

Section 1: Agency overview and resources	81
1.1 Strategic Direction Statement	81
1.2 Agency Resource Statement	82
1.3 Budget Measures.....	83
Section 2: Outcomes and planned performance	85
2.1 Outcomes and performance information	85
Section 3: Explanatory tables and budgeted financial statements	89
3.1 Explanatory tables	89
3.2 Budgeted Financial Statements.....	90

CLIMATE CHANGE AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Climate Change Authority (the Authority) will begin operating on 1 July 2012 as an independent statutory body providing expert advice to the Government on key aspects of the carbon pricing mechanism and other climate change mitigation initiatives. The Authority was established by the *Climate Change Authority Act 2011* and fulfils functions specified under that Act and other Acts, including the *Clean Energy Act 2011*.

The Authority will conduct its first review of the Renewable Energy Target by 31 December 2012. As part of this review, the Authority will consult with the public and other government agencies, such as the Department of Climate Change and Energy Efficiency, the Clean Energy Regulator and the Department of the Treasury. The Authority may also commission further analysis from external consultants.

In addition to the Renewable Energy Target review, the Authority will begin analysis during 2012-13 of other policies within its remit, including the Carbon Pricing Mechanism. The Authority will also consider issues relevant to the advice it will provide in the future on the level of pollution caps and the setting of carbon budgets and/or indicative trajectories. As part of this analysis, the Authority will begin developing relationships with stakeholders, including government agencies, businesses and non-governmental organisations.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Climate Change Authority Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services ¹				
Departmental appropriation				
Prior year departmental appropriation ²	-	-	-	-
Departmental appropriation	-	6,206	6,206	-
s31 Relevant agency receipts	-	-	-	-
Total	-	6,206	6,206	-
Administered expenses				
Outcome 1	-	-	-	-
Payments to CAC Act bodies	-	-	-	-
Total	-	-	-	-
Total ordinary annual services	A	6,206	6,206	-
Other services				
Administered expenses				
Specific payments to States, ACT, NT and local government				
Outcome 1	-	-	-	-
Total	-	-	-	-
Departmental non-operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services	B	-	-	-
Total available annual appropriations	-	6,206	6,206	-
Total net resourcing for the Authority	-	6,206	6,206	-

¹ Appropriation Bill (No.1) 2012-13.

² Estimated adjusted balance carried forward from previous year.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

There were no new measures announced in the 2012-13 Budget.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Climate Change Authority in achieving Government outcomes.

Outcome 1: Provide expert advice to the Australian Government on climate change mitigation initiatives, including the level of carbon pollution caps, the carbon price mechanism, the Renewable Energy Target and progress in achieving Australia's emissions reduction targets, through conducting periodic reviews and undertaking climate change research

Outcome 1 Strategy

The Authority will regularly review and make recommendations to the Australian Government on climate change mitigation policies. This will include biennial reviews of the Renewable Energy Target, triennial reviews of the Carbon Farming Initiative, five-yearly reviews of the Carbon Pricing Mechanism (excluding industry and household assistance) and the National Greenhouse and Energy Reporting System, and annual reviews of the level of pollution caps and carbon budgets (or any national indicative trajectories) and progress towards achieving Australia's emissions reduction targets. The Authority will also conduct any other research that it considers necessary or other reviews as tasked by the Minister or Parliament.

In performing these reviews and its work, the Authority will be guided by the following principles: economic efficiency; environmental effectiveness; equity; public interest; accounting for the impact on households, business, workers and communities; supporting the development of an effective global response to climate change; and consistency with Australia's foreign policy and trade objectives.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for outcome 1 by program.

Table 2.1: Budgeted Expenses for Outcome 1

	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Outcome 1: Provide expert advice to the Australian Government on climate change mitigation initiatives, including the level of carbon pollution caps, the carbon price mechanism, the Renewable Energy Target and progress in achieving Australia's emissions reduction targets, through conducting periodic reviews and undertaking climate change research		
Program 1.1: Climate Change Authority		
Departmental expenses		
Departmental appropriation ¹	-	6,206
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year	-	-
Total for Program 1.1	-	6,206
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ¹	-	6,206
Special appropriations	-	-
Special Accounts	-	-
Expenses not requiring appropriation in the Budget year	-	-
Total expenses for Outcome 1	-	6,206
	2011-12	2012-13
Average Staffing Level (number)	-	19

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.
 Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Reviewing Climate Change Mitigation policies

Program objective

- The Authority's objective is to contribute to the sound governance of climate change mitigation initiatives by ensuring these are efficient and effective through recommending improvements to their design and operation.
- Linked to: The policies reviewed by the Climate Change Authority are generally under the purview of the Department of Climate Change and Energy Efficiency and administered by the Clean Energy Regulator. Further, the Productivity Commission will review the Jobs and Competitiveness Program in the Clean Energy Act 2011 and the Department of the Treasury will review household assistance provided under the Carbon Pricing Mechanism.

Program expenses

- There were no new measures announced in the 2012-13 Budget.

Program 1.1

	2011-12 Revised budget (\$'000)	2012-13 Budget (\$'000)	2013-14 Forw ard year 1 (\$'000)	2014-15 Forw ard year 2 (\$'000)	2015-16 Forw ard year 3 (\$'000)
Program support	-	6,206	8,823	8,904	8,987
Expenses not requiring appropriation in the Budget year	-	-	-	-	-
Total program expenses	-	6,206	8,823	8,904	8,987

Program 1.1 Deliverables

- Complete review of the Renewable Energy Target.
- Complete other reviews as requested by the Minister or Parliament.

Program 1.1 Key Performance Indicators

- The quality of reviews, including their reception by stakeholders and use in public policy forums and discussions.
- The delivery of reviews within legislated timeframes.
- The transparency and accessibility of the public consultation processes for reviews, including that they are highly regarded by stakeholders.
- The independence of the Authority's decision-making in conducting and completing reviews, including the perception of independence by stakeholders.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

There have been no movement of funds between years in the 2012-13 Budget.

3.1.2 Special Accounts

The Authority does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The 2012-13 Australian Government Indigenous Statement is not applicable because the Authority has no indigenous specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Authority has no significant differences between the resource information presented in the Budget Papers and PB Statements as a result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS).

3.2.2 Analysis of budgeted financial statements

The Authority is budgeting to incur expenses of \$6.2m in 2012-13.

The Authority is budgeting for a break-even position in 2012-13 excluding non-appropriated expenses relating to depreciation and amortisation.

The Authority has no assets and has not been provided with any capital budget. Liabilities are expected to consist primarily of employee provisions.

The Authority does not have any administered funding.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	-	4,844	6,170	6,227	6,278
Suppliers	-	1,362	2,653	2,677	2,709
Depreciation and amortisation	-	-	-	-	-
Total expenses	-	6,206	8,823	8,904	8,987
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	-	-	-	-	-
Total own-source revenue	-	-	-	-	-
Net cost of (contribution by) services	-	6,206	8,823	8,904	8,987
Revenue from Government	-	6,206	8,823	8,904	8,987
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-	-

Note: Impact of Net Cash Appropriation Arrangements

	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	-	-	-	-	-
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	-	6	9	9	9
Trade and other receivables	-	1,054	1,378	1,391	1,401
Other financial assets	-	-	-	-	-
Total financial assets	-	1,060	1,387	1,400	1,410
Non-financial assets					
Other non-financial assets	-	14	20	20	21
Total non-financial assets	-	14	20	20	21
Assets held for sale					
Total assets	-	1,074	1,407	1,420	1,431
LIABILITIES					
Payables					
Suppliers	-	57	111	112	113
Other payables	-	-	-	-	-
Total payables	-	57	111	112	113
Provisions					
Employee provisions	-	1,017	1,296	1,308	1,318
Other provisions	-	-	-	-	-
Total provisions	-	1,017	1,296	1,308	1,318
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	-	1,074	1,407	1,420	1,431
Net assets	-	-	-	-	-
EQUITY					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	-	-	-	-	-
Total parent entity interest	-	-	-	-	-
Total Equity	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2011-12)

The 2011-12 Departmental statement of changes in equity is not applicable because the Climate Change Authority has no equity.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	-	5,152	8,499	8,891	8,977
Other	-	-	-	-	-
Total cash received	-	5,152	8,499	8,891	8,977
Cash used					
Employees	-	3,827	5,891	6,215	6,268
Suppliers	-	1,319	2,605	2,676	2,709
Total cash used	-	5,146	8,496	8,891	8,977
Net cash from (used by) operating activities	-	6	3	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	-	6	3	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-	6	9	9
Cash and cash equivalents at the end of the reporting period	-	6	9	9	9

Prepared on Australian Accounting Standards basis.

CCA Budget Statements

Table 3.2.5: Departmental Capital Budget Statement

The 2012-13 Departmental Capital Budget Statement is not applicable because the Authority has no capital assets.

Table 3.2.6: Statement of Asset Movements (2012-13)

The 2012-13 Statement of Asset Movements is not applicable because the Authority has no capital assets.

3.2.4 Notes to the financial statements

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the Financial Management and Accountability Orders;
- Australian Equivalents of International Financial Reporting Standards (AEIFRS) issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

The statements have been prepared on an accrual basis and are in accordance with historical cost principles except for certain assets, which, as noted, are at valuation.

Departmental Income

Income includes the following items:

- Revenues from Government – amounts appropriated to the Department; and
- Goods and Services – revenue is recognised upon the delivery of goods and services to customers.

Expenses

The Department applies a uniform policy for all grants. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

All other expenses are recognised on an accrual basis, as and when these can be reliably estimated.

Assets

Land, buildings, plant and equipment are carried at their fair value.

Non-current assets are reviewed at balance date for internal and external indications of impairment. Where indications of impairment are identified for an asset, its recoverable amount is determined and where lower than its carrying amount, written down to that amount.

The Department's intangible assets comprise the acquisition of software configured for internal use and internally developed software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Liabilities

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for employee benefits includes provision for annual leave and long service leave.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled which represent their fair value. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Administered

Administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

PORTFOLIO GLOSSARY

Term	Meaning
Accrual Accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional Estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to Portfolios through the Additional Estimates Acts.
Administered Items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two Appropriation Bills (Appropriation Bills 1 and 2) are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the Additional Estimates budget process (Appropriation Bills 3 and 4).
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	S.81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the consolidated revenue fund (CRF). The CRF is not a bank account. The Official Public

Glossary

	Account reflects most of the operations of the CRF.
Departmental Items	Assets, liabilities, revenues and expenses that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Equity or Net Assets	Residual interest in the assets of an entity after deduction of its liabilities.
Evaluation	A systematic, objective assessment of the appropriateness, effectiveness or efficiency of an intervention. Depending on the purpose of the evaluation and the stage of development of the relevant business, an evaluation may focus on more than one of these issues.
Expense	Total value of all the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair Value	Valuation methodology: The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Forward Estimates	The estimated revenues, expenses and associated financial statements for the three out years past the budget year.
Liabilities	What the agency 'owes' (obligations to make payments or render services as a result of past transactions).

Measure	A Government decision.
Operating Result	Equals revenue less expense.
ORER	Office of the Renewable Energy Regulator
Outcomes	The Government's objectives in each Portfolio area. Outcomes are the desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Programs	Activities or group of activities that contribute to the intended results of Government as specified in agency outcome statements.
Performance Measures	A more precise measure than indicators. Performance measures relate to outcomes, outputs, third party outputs and administered items. They are used when there is a direct causal link between an intervention and a measurable change in performance.
Revenue	Total value of resources earned or received in respect of goods and services provided.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF), that are supported by standing appropriations, (<i>Financial Management and Accountability Act (FMA) 1997</i> , ss.20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s.20 FMA Act) or through an Act of Parliament (referred to in s.21 of the FMA Act).

Glossary

Special Appropriation
(including Standing
Appropriations)

An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.

Standing appropriations are a sub-category consisting of ongoing special appropriations – the amount appropriated will depend on circumstances specified in the legislation.

Stakeholders

People, organisations or groups with an interest or stake in the line of business.