
Part C
Section 1

**AGENCY ADDITIONAL
ESTIMATES STATEMENTS**

**AUSTRALIAN GREENHOUSE
OFFICE**

SECTION 1 – AGENCY OVERVIEW

Since the 2004–05 Portfolio Budget Statements, the Australian Greenhouse Office was abolished as an Executive Agency under the *Public Service Act 1999* on 26 October 2004 and as a Prescribed Agency under the *Financial Management and Accountability Act 1997* on 3 November 2004 following the Ministry changes announced after the recent election. The budget estimates for the Australian Greenhouse Office have been incorporated into the Department of the Environment and Heritage – Outcome 1 Environment. Consequently, the 2004-05 budget estimates are apportioned between the Agency Additional Estimates Statements for the Australian Greenhouse Office (1 July 2004 to 3 November 2004) and the Department of the Environment and Heritage (4 November 2004 to 30 June 2005).

ADDITIONAL ESTIMATES AND VARIATIONS TO SUB-OUTCOME

ANNUAL APPROPRIATIONS

Under Section 32 Directions, the following 2004–05 annual appropriations were transferred from the Australian Greenhouse Office to the Department of the Environment and Heritage – Outcome 1 Environment:

- Departmental Output Appropriation of **\$39.406m** through *Appropriation Bill (No.1) 2004-05*.
- Administered Appropriation of **\$67.537m**:
 - **\$41.012m** from Administered Expenses Appropriation through *Appropriation Bill (No.1) 2004–05*; and
 - **\$26.525m** from Specific Payments to the States and Territories through Administered *Appropriation Bill (No.2) 2004–05*.

**OTHER VARIATIONS NOT AFFECTING APPROPRIATION BILL (NO. 3) 2004–05 AND
 APPROPRIATION BILL (NO.4) 2004–05**
Variations – Administrative Arrangements Order Changes

	2004–05 (\$'000)	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)
Sub-outcome				
<i>Variations in administered appropriations</i>				
Transfer to the Department of the Environment and Heritage – Outcome 1 Environment	(67,537)	(74,081)	(65,285)	(57,117)
<i>Administrative Arrangements Order changes in administered appropriations for the Sub-outcome</i>	(67,537)	(74,081)	(65,285)	(57,117)
<i>Variations in departmental appropriations</i>				
Transfer to the Department of the Environment and Heritage – Outcome 1 Environment	(39,406)	(45,481)	(47,607)	(47,845)
<i>Administrative Arrangements Order changes in departmental appropriations for the Sub-outcome</i>	(39,406)	(45,481)	(47,607)	(47,845)
TOTAL VARIATIONS – ADMINISTRATIVE ARRANGEMENTS ORDER CHANGES	(106,943)	(119,562)	(112,892)	(104,962)

SUB-OUTCOME AND OUTPUT GROUPS FOR THE AGENCY

	DEPARTMENTAL OUTPUTS				ADMINISTERED APPROP	
	Revised Total Price of Outputs* \$'000	Variation to Price of Outputs* \$'000	Revised Outputs Approp* \$'000	2004–05 Additional Estimates \$'000	Revised Admin Approp* \$'000	2004–05 Additional Estimates \$'000
AUSTRALIAN GREENHOUSE OFFICE	5,313	(39,406)	5,313	0	4,308	0
Outcome 1 - Sub-Outcome <i>Australians working together to meet the challenge of climate change</i>						
1.1 International Engagement	467	(2,842)	467	0		
1.2 Emissions Management	2,234	(20,149)	2,234	0		
1.3 Foundation	2,612	(16,415)	2,612	0		
TOTAL SUB-OUTCOME	5,313	(39,406)	5,313	0	4,308	0

* Revised estimates relate to the period 1 July 2004 to 3 November 2004. Estimates for the remainder of 2004-05 (4 November 2004 to 30 June 2005) are reflected in Table 1.1 Part C Section 1 of the Additional Estimate Statements for the Department of the Environment and Heritage (Output Group 1.10)

TABLE 1.1 SUMMARY OF MEASURES SINCE THE 2004–05 BUDGET

There have been no new measures for the Australian Greenhouse Office since the 2004-05 Budget.

TABLE 1.2 APPROPRIATION BILL (NO. 3) 2004-05

	2003-04 Available \$'000	2004-05 Budget \$'000	(a) 2004-05 2004-05 Revised \$'000	2004-05 Additional Estimates \$'000	2004-05 Reduced Estimate \$'000
ADMINISTERED ITEMS					
Outcome 1 – Sub-outcome					
<i>Australians working together to meet the challenge of climate change</i>	0	43,457	2,445	0	0
TOTAL ADMINISTERED ITEMS	0	43,457	2,445	0	0
DEPARTMENTAL OUTPUTS					
Outcome 1 – Sub-outcome					
<i>Australians working together to meet the challenge of climate change</i>	3,315	44,719	5,313	0	0
TOTAL DEPARTMENTAL OUTPUTS	3,315	44,719	5,313	0	0
TOTAL APPROPRIATION BILL NO. 3	3,315	88,176	7,758	0	0

(a) Revised estimates relate to the period 1 July 2004 to 3 November 2004. Estimates for the remainder of 2004-05 (4 November 2004 to 30 June 2005) are reflected in Table 1.3 Part C Section 1 of the Additional Estimate Statements for the Department of the Environment and Heritage.

TABLE 1.3 APPROPRIATION BILL (NO. 4) 2004–05

	2003–04 Available \$'000	2004–05 Budget \$'000	2004–05 Revised Budget (a) \$'000	2004–05 Additional Estimates \$'000	2004–05 Reduced Estimate \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
Outcome 1 - Sub-outcome					
<i>Australians working together to meet the challenge of climate change</i>	0	28,388	1,863	0	0
TOTAL	0	28,388	1,863	0	0
Non-Operating					
Loans	0	0	0	0	0
Previous Year's Outputs	0	0	0	0	0
TOTAL CAPITAL	0	0	0	0	0
TOTAL APPROPRIATION BILL NO. 4	0	28,388	1,863	0	0

(a) Revised estimates relate to the period 1 July 2004 to 3 November 2004. Estimates for the remainder of 2004-05 (4 November 2004 to 30 June 2005) are reflected in Table 1.4 Part C Section 1 of the Additional Estimate Statements for the Department of the Environment and Heritage.

TABLE 1.4 STAFF YEARS – AVERAGE STAFFING LEVEL (ASL)

	2004–05 Budget sy	2004–05 Revised * sy	Variation sy
Outcome 1 - Sub-Outcome			
<i>Australians working together to meet the challenge of climate change</i>	174.0	58.0	(116.0)
TOTAL	174.0	58.0	(116.0)

* The reduction in ASL reflects the abolition of the Australian Greenhouse Office as a Prescribed Agency on 3 November 2004. The revised ASL estimate relates to the period 1 July 2004 to 3 November 2004. The ASL estimate for the period 4 November 2004 to 30 June 2005 is reflected in Table 1.4 Part C Section 1 of the Additional Estimates Statements for the Department of the Environment and Heritage.

SUMMARY OF AGENCY SAVINGS 2004–05

There are no savings for the Australian Greenhouse Office in 2004–05.

TABLE 1.5 CHANGES TO NET ANNOTATED APPROPRIATIONS (Section 31) RECEIPTS

There are no net annotated appropriations (Section 31) receipts for the Australian Greenhouse Office in 2004-05.

TABLE 1.6 REVENUE FROM INDEPENDENT SOURCES

There are no receipts from independent sources for the Australian Greenhouse Office in 2004-05.

TABLE 1.7 ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There are no special appropriations for the Australian Greenhouse Office in 2004-05.

TABLE 1.8 ESTIMATES OF SPECIAL ACCOUNT FLOWS AND BALANCES

There are no special accounts for the Australian Greenhouse Office in 2004-05.

Part C
Section 2
Australian Greenhouse Office

**REVISIONS TO
SUB-OUTCOME AND
OUTPUTS**

SECTION 2 - REVISIONS TO SUB-OUTCOME AND OUTPUTS

OUTCOME 1: *The environment, especially those aspects that are matters of national environmental significance, is protected and conserved*

SUB-OUTCOME: *Australians working together to meet the challenge of climate change*

OUTPUT COST ATTRIBUTION

Individual programmes are attributed to agency outputs consistent with the programmes alignment to the output. The agency's overheads are attributed to outputs on a pro-rata Average Staffing Level (ASL) basis.

EXPLANATION OF VARIATIONS

Variations to Departmental Output Appropriation and Administered Appropriation

Under Section 32 Directions, the following 2004-05 annual appropriations were transferred from the Australian Greenhouse Office to the Department of the Environment and Heritage – Outcome 1 Environment:

- Departmental Output Appropriation of **\$39.406m** through *Appropriation Bill (No.1) 2004-05*.
- Administered Appropriation of **\$67.537m**:
 - **\$41.012m** from Administered Expenses through *Appropriation Bill (No.1) 2004-05*; and
 - **\$26.525m** from Specific Payments to the States and Territories through Administered *Appropriation Bill (No.2) 2004-05*.

REVISED PERFORMANCE INFORMATION AND LEVEL OF ACHIEVEMENT FOR 2004-2005

The performance information that the Australian Greenhouse Office will use to assess the level of its achievement against the additional funding is shown below.

TABLE 2.1 – PERFORMANCE INFORMATION FOR OUTPUTS AFFECTED BY ADDITIONAL ESTIMATES

OUTPUT GROUP 1.1 INTERNATIONAL ENGAGEMENT

<i>1.1.1 To pursue an effective global response to climate change</i>		
Informing international and domestic policy outcomes	<i>Quality</i>	Effectiveness in key international, regional and bilateral climate change processes on issues for which the Australian Greenhouse Office has lead responsibility.
	<i>Quantity</i>	The number of initiatives delivered through key international, regional and bilateral processes.
	<i>Price – Budget</i>	\$3.309m
	<u>Price – Revised</u>	<u>\$0.467m</u>

OUTPUT GROUP 1.2 EMISSIONS MANAGEMENT

1.2.1 To lead action on Australia's commitment to the 108% target and a lower greenhouse signature in the longer term

<p>Deliver programmes that:</p> <ul style="list-style-type: none"> - integrate greenhouse issues into business and community decision making - reduce greenhouse emissions - accelerate uptake of energy efficiency and low emission technologies <p>Deliver programmes that engage government, business and the community and build capacity for greenhouse action</p>	<i>Quality</i>	<p>Reporting systems are appropriately targeted and high quality.</p> <p>Implementation of consistent measurement of abatement across programmes.</p> <p>Risks to programme delivery identified and managed.</p> <p>Effectiveness of support for greenhouse response within sectors.</p> <p>Measurable behaviour change within sectors.</p> <p>Effectiveness in relevant interjurisdictional processes on issues for which the Australian Greenhouse Office has lead responsibility.</p> <p>Effectiveness of financial administration.</p>
	<i>Quantity</i>	<p>Reported abatement activity including emissions reductions and/or energy savings.</p> <p>Estimated cost (Government funds) of greenhouse abatement (\$/tonne).</p> <p>Investment dollars (or contributory funding) leveraged from other parties by projects and programmes.</p> <p>Extent of engagement of key stakeholders.</p> <p>Extent of support for long-term low emission technology uptake.</p>
	<i>Price – Budget</i>	\$22.383m
	<u>Price – Revised</u>	<u>\$2.234m</u>

OUTPUT GROUP 1.3 FOUNDATION*1.3.1 To provide the foundations for Australia's climate change response*

Informing national policy outcomes	<i>Quality</i>	Effectiveness in relevant and inter-jurisdictional processes on issues for which the Australian Greenhouse Office has the lead responsibility.
Engagement with stakeholders/ Capacity building		Extent to which climate change policy is integrated in national policies and programmes across key sectors.
Reporting		Trends in community responses to key policy issues.
		Suitability of climate change publications to meet targeted stakeholder needs.
		Comprehensiveness, timeliness and quality of monitoring and public reporting on the implementation of the programmes.
		Risks to outputs and outcomes identified and managed.
		Delivery of a credible, high quality, annual projection of Australia's greenhouse emissions trends.
		Development of consistent measurement of abatement across programmes.
	<i>Quantity</i>	Number of gaps in climate change policy and emerging policy issues identified and managed.
		Investment dollars (or in-kind contribution) leveraged from other parties for Australian Greenhouse Office climate change science priorities.
		Number of reports and submissions made in accordance with national and international commitments and level of user interest.
		Number of partnership initiatives developed to address impacts and/or adaptation.
	<i>Price – Budget</i>	\$19.027m
	<i>Price – Revised</i>	<u>\$2.612m</u>

Part C

Section 3

Australian Greenhouse Office

**BUDGETED FINANCIAL
STATEMENTS**

BUDGETED FINANCIAL STATEMENTS

The following budgeted departmental financial statements and administered notes for the Australian Greenhouse Office are presented in this section. Information from the following budgeted financial statements forms part of the audited financial statements, and is also required as input into the Whole of Government Accounts.

The Australian Greenhouse Office was abolished as an Executive Agency under the *Public Service Act 1999* on 26 October 2004 and as a Prescribed Agency under the *Financial Management and Accountability Act 1997* on 3 November 2004 following the Ministry changes announced after the recent election. The budget estimates for the Australian Greenhouse Office have been incorporated into the Department of the Environment and Heritage – Outcome 1 Environment. Consequently, the 2004-05 budget estimates are apportioned between the Agency Additional Estimates Statements for the Australian Greenhouse Office (1 July 2004 to 3 November 2004) and the Department of the Environment and Heritage (4 November 2004 to 30 June 2005).

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

On 3 November 2004 the Australian Greenhouse Office was abolished as a prescribed agency under the *Financial Management and Accountability Act 1997*. From 4 November 2004 funding will be directly appropriated to the Department of the Environment and Heritage – Outcome 1 Environment. Consequently, the 2004-05 Revenue-from-Government estimate includes an appropriation of only \$5.313m for the period 1 July 2004 to 3 November 2004. The expense estimates accordingly relate to the period 1 July 2004 to 3 November 2004. Revenue and expense estimates for the remaining period are reflected in the Budgeted Departmental Statement of Financial Performance for the Department of the Environment and Heritage.

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

On 3 November 2004 the Australian Greenhouse Office was abolished as a prescribed agency under the *Financial Management and Accountability Act 1997*. From 4 November 2004 funding will be directly appropriated to the Department of the Environment and Heritage – Outcome 1 Environment. Consequently, the 2004–05 Schedule of Budgeted Revenues and Expenses Administered on behalf of Government includes revenues and expenses estimates relate to the period 1 July 2004 to 3 November 2004. Revenue and expense estimates for the remaining period are reflected in the Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the Department of the Environment and Heritage.

Budgeted Departmental Statement of Financial Position

The closing balances previously reflected in the Budgeted Departmental Statement of Financial Position have been transferred to the Department of the Environment and Heritage.

TABLE 3.1 – BUDGETED DEPARTMENTAL STATEMENT OF FINANCIAL PERFORMANCE
(for the period ended 30 June 2005)

	Actual 2003–04	Revised	FORWARD		
		Budget 2004–05	ESTIMATES		
<i>Note</i>			2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES FROM ORDINARY ACTIVITIES					
Revenues from Government	81,511	5,313	0	0	0
Goods and services	560	0	0	0	0
Total revenues from ordinary activities	82,071	5,313	0	0	0
EXPENSES FROM ORDINARY					
ACTIVITIES (excluding borrowing costs expense)					
Employees	15,720	5,028	0	0	0
Suppliers	36,559	263	0	0	0
Grants	32,128	0	0	0	0
Depreciation and amortisation	106	22	0	0	0
Others	5	0	0	0	0
Total expenses from ordinary activities (excluding borrowing costs expense)	84,518	5,313	0	0	0
Borrowing cost expense	0	0	0	0	0
Net Surplus or (deficit) from ordinary activities	(2,447)	0	0	0	0
Gain or loss on extraordinary items	0	0	0	0	0
Net Surplus or (deficit)	(2,447)	0	0	0	0

TABLE 3.2 – BUDGETED DEPARTMENTAL STATEMENT OF FINANCIAL POSITION (as at 30 June 2005)

The closing balances previously reflected in the Budgeted Departmental Statement of Financial Position have been transferred to the Department of the Environment and Heritage.

TABLE 3.3 – BUDGETED DEPARTMENTAL STATEMENT OF CASH FLOWS
(for the period ended 30 June 2005)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	FORWARD ESTIMATES		
			2005–06 \$'000	2006–07 \$'000	2007–08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	81,195	5,313	0	0	0
Cash from the OPA	22,791	0	0	0	0
Sales of goods and services	1,161	0	0	0	0
Others	4,978	0	0	0	0
Total cash received	110,125	5,313	0	0	0
Cash Used					
Employees	15,434	5,028	0	0	0
Suppliers	39,284	263	0	0	0
Grants	33,526	0	0	0	0
Cash to the OPA	0	23,121	0	0	0
Others	0	0	0	0	0
Total cash used	88,244	28,412	0	0	0
Net cash from operating activities	21,881	(23,099)	0	0	0
INVESTING ACTIVITIES					
Cash Received					
Proceeds from sale of property, plant and equipment	0	0	0	0	0
Total Cash Received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment	0	0			
Other	70	0	0	0	0
Total cash used	70	0	0	0	0
Net cash from investing activities	(70)	0	0	0	0

TABLE 3.3 – BUDGETED DEPARTMENTAL STATEMENT OF CASH FLOWS *continued*
(for the period ended 30 June 2005)

Note	Actual	Revised	FORWARD		
	2003–04	Budget 2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCING ACTIVITIES					
Cash Received					
Proceeds from debt	0	0	0	0	0
Proceeds from issuing equity instruments	0	0	0	0	0
Total Cash Received	0	0	0	0	0
Cash Used					
Cash used for other financing activities	0	0	0	0	0
Total Cash Used	0	0	0	0	0
Net cash from financing activities	0	0	0	0	0
Net increase/(decrease) in cash held	21,811	(23,099)	0	0	0
Cash at the beginning of the reporting period	1,288	23,099	0	0	0
Cash at the end of the reporting period	23,099	0	0	0	0

TABLE 3.4 – DEPARTMENTAL CAPITAL BUDGET STATEMENT

The Australian Greenhouse Office has not been appropriated any Departmental Capital in 2004–05.

**TABLE 3.5 - DEPARTMENTAL NON-FINANCIAL ASSETS
SUMMARY OF MOVEMENT (BUDGET YEAR 2004-05)**

The closing balances previously reflected in the Departmental Non-Financial Assets Summary of Movement have been transferred to the Department of the Environment and Heritage.

**TABLE 3.6 – SCHEDULE OF BUDGETED REVENUES AND EXPENSES
ADMINISTERED ON BEHALF OF GOVERNMENT
(for the period ended 30 June 2005)**

<i>Note</i>	Actual	Revised	FORWARD		
	2003–04	Budget 2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues					
Non-taxation					
Revenues from Government	0	0	0	0	0
Other sources of non-taxation revenue	0	0	0	0	0
Total non-taxation	0	0	0	0	0
Total revenues administered on behalf of the Government	0	0	0	0	0
Expenses					
Grants	24,277	4,308	0	0	0
Total expenses administered on behalf of the Government	24,277	4,308	0	0	0

**TABLE 3.7 – SCHEDULE OF BUDGETED ASSETS AND LIABILITIES
ADMINISTERED ON BEHALF OF GOVERNMENT (as at 30 June 2005)**

The closing balances previously reflected in the Schedule of Budgeted Assets and Liabilities have been transferred to the Department of the Environment and Heritage.

TABLE 3.8 – SCHEDULE OF BUDGETED ADMINISTERED CASH FLOWS
(for the period ended 30 June 2005)

<i>Note</i>	Revised		FORWARD		
	Actual	Budget	ESTIMATES		
	2003–04	2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and services	0	0	0	0	0
Interest	0	0	0	0	0
Cash from Official Public Account	26,437	4,308	0	0	0
Special Accounts	0	0	0	0	0
Others	2,328	1,048	0	0	0
Total cash received	28,765	5,356	0	0	0
Cash Used					
Suppliers	0	0	0	0	0
Grants	26,437	4,308	0	0	0
Cash to Official Public Account	2,328	801	0	0	0
Special Accounts	0	0	0	0	0
Others	0	247	0	0	0
Total cash used	28,765	5,356	0	0	0
Net cash from operating activities	0	0	0	0	0
INVESTING ACTIVITIES					
Cash Received	0	0	0	0	0
Total Cash Received	0	0	0	0	0
Cash Used	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from investing activities	0	0	0	0	0

TABLE 3.8 – SCHEDULE OF BUDGETED ADMINISTERED CASH FLOWS *continued*
(for the period ended 30 June 2005)

<i>Note</i>	Actual	Revised	FORWARD		
	2003–04	Budget 2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCING ACTIVITIES					
Cash Received	0	0	0	0	0
Total Cash Received	0	0	0	0	0
Cash Used	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from financing activities	0	0	0	0	0
Net increase/(decrease) in cash held	0	0	0	0	0
Cash at the beginning of the reporting period	0	0	0	0	0
Cash at the end of the reporting period	0	0	0	0	0

TABLE 3.9 – SCHEDULE OF ADMINISTERED CAPITAL BUDGET

The Australian Greenhouse Office has not been appropriated any Administered Capital in 2004–05.

TABLE 3.10 – SCHEDULE OF ADMINISTERED NON-FINANCIAL ASSETS – SUMMARY OF MOVEMENT (BUDGET YEAR 2004–05)

The Australian Greenhouse Office does not administer any non-financial assets on behalf of the Australian Government.

Notes to the Financial Statements

1. General notes on accrual budgeting framework

(a) *Departmental Financial Statements and Notes of Administered Items*

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions over which agencies do not have control (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental assets are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

(b) *Appropriations in the Accrual Budgeting Framework*

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies;
- departmental capital appropriations: for investments by the Government for either additional equity injections or loans in agencies;
- administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the States; and
- administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations exist under the accrual appropriation framework, and fund the majority of payments from the Consolidated Revenue Fund.

(d) *Administered investments in controlled entities*

Each Commonwealth Department is required to show an administered investment in each Commonwealth Authority and Company Act entity within their portfolio. These administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

(e) *Asset Valuation*

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure property, plant and equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset. See guidance from the Department of Finance and Administration on how to calculate fair value.