

AGENCY
BUDGET STATEMENTS

AUSTRALIAN GREENHOUSE
OFFICE

Overview, Appropriations and Budget Measures

OVERVIEW

The Australian Greenhouse Office (AGO) is the lead Commonwealth agency on greenhouse issues. It is responsible for promoting a whole of government position on greenhouse issues to the broader domestic and international community. Its integrated, balanced approach will facilitate the realisation of both economic and environmental benefits for Australia from the opportunities arising from greenhouse response actions.

The AGO has a focus on consultation with stakeholders, both government and non-government. Its aim is to ensure that Australia's national interests are promoted; that jobs and industry are protected; and that Australia plays its part in the world effort needed to reduce greenhouse emissions.

Prior to 1 July 2003, the AGO's annual appropriations included appropriations for the Office of the Renewable Energy Regulator (ORER) and ORER's financial statements were published in the Department of the Environment and Heritage Annual Reports. On 1 July 2003 ORER became a prescribed agency under the *Financial Management and Accountability (FMA Act) 1997* and reports as an independent agency from that date. ORER appeared as an independent agency for the first time in the 2003-04 Additional Estimates Statements.

APPROPRIATIONS AND RESOURCING

The total appropriation for the AGO in 2004-2005 is \$116.564 million. This comprises \$44.719 million departmental output appropriation and \$71.845 million administered appropriation.

Table 1.1 on the following page shows the revenues for the AGO for 2004-2005.

TABLE 1.1 – APPROPRIATIONS AND OTHER REVENUE FOR 2004-2005 (\$'000)

OUTCOMES	DEPARTMENTAL (Price of Outputs)				ADMINISTERED				TOTAL APPROP (J =C+I)		
	Revenue from Government (appropriations)		Revenue from other Sources ⁽¹⁾	Total Price of Outputs ⁽²⁾	Annual Appropriations Bill No. 2		Special Approp	Administered Approp			
	Special Approp	Total			Bill No. 1 NAOs)	Special Approp					
	A	B	(C =A+B)	(D)	(E=C+D)	F	G	H		(I =F+G+H)	
Outcome 1											
Sub-outcome <i>Australians working together to meet the challenge of climate change</i>	44,719	0	44,719	0	44,719	100.0% #	43,457	28,388	0	71,845	116,564
TOTAL	44,719	0	44,719	0	44,719		43,457	28,388	0	71,845	116,564

(1) Revenue from other sources includes other revenue from Government (resources free of charge) and revenue from other sources (for example, sales of goods and services). Refer Table 1.3 – Receipts from Independent Sources.

(2) Refer to Table 3.1 - Budgeted Departmental Statement of Financial Performance for application of agency revenue (see Table 3.1).

Percentage figure indicates the percentage contribution of revenue from Government (departmental output appropriations) to the total price of outputs. The overall percentage for the Australian Greenhouse Office is 100%.

TABLE 1.2 – SUMMARY OF MEASURES CONTAINED IN THE 2004-05 BUDGET

MEASURE	Outcome	Output Groups Affected	Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)		
			2004-05 Admin Expense	2004-05 Dept Outputs	2004-05 Total	2005-06 Admin Expenses	2005-06 Dept Outputs	2005-06 Total	2006-07 Admin Expenses	2006-07 Dept Outputs	2006-07 Total	2007-08 Admin Expenses	2007-08 Dept Outputs	2007-08 Total
The Climate Change Strategy – action on energy efficiency	1	1.2	750	4,787	5,537	800	5,944	6,744	850	6,337	7,187	900	6,289	7,189
The Climate Change Strategy – Challenge Plus – Industry Partnerships	1	1.2	0	6,747	6,747	0	6,943	6,943	0	8,805	8,805	0	8,837	8,837
The Climate Change Strategy – Climate Change Science Programme	1	1.3	6,000	643	6,643	6,000	806	6,806	7,850	704	8,554	7,850	813	8,663
The Climate Change Strategy – emissions measurement and analysis	1	1.3	0	5,287	5,287	0	8,071	8,071	0	8,095	8,095	0	8,169	8,169
The Climate Change Strategy – local greenhouse action	1	1.2	400	2,137	2,537	400	2,816	3,216	400	3,235	3,635	400	3,404	3,804
The Climate Change Strategy – greenhouse action to enhance sustainability in regional Australia	1	1.2	3,165	513	3,678	3,353	1,578	4,931	3,853	1,564	5,417	3,851	1,579	5,430

TABLE 1.2 – SUMMARY OF MEASURES CONTAINED IN THE 2004-05 BUDGET (continued)

MEASURE	Outcome	Output Groups Affected	Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)		
			Admin Expense	Dept Outputs	Total	Admin Expense	Dept Outputs	Total	Admin Expense	Dept Outputs	Total	Admin Expense	Dept Outputs	Total
The Climate Change Strategy – influencing international climate change policy	1	1.1	1,700	773	2,473	1,450	3,350	4,800	3,050	3,355	6,405	3,000	3,386	6,386
The Climate Change Strategy – low emissions technology and abatement	1	1.2	1,400	1,844	3,244	3,501	2,174	5,675	6,612	2,386	8,998	6,613	2,413	9,026
The Climate Change Strategy – National Climate Change Adaptation Programme	1	1.3	0	2,336	2,336	0	3,632	3,632	0	3,973	3,973	0	4,221	4,221
The Climate Change Strategy – strategic national response	1	1.3	0	4,410	4,410	0	7,160	7,160	0	7,049	7,049	0	6,980	6,980
The Climate Change Strategy – reprioritisation of funding from existing programmes	1	1.2	0	(42,101)	(42,101)	0	(57,466)	(57,466)	0	(49,338)	(49,338)	0	(29,124)	(29,124)

The new measures will have funding of \$248.3 million plus existing \$11.7 million giving a total funding of \$260.0 over four years for these measures.

TABLE 1.3 – RECEIPTS FROM INDEPENDENT SOURCES

	2003-2004 Estimated Revenue \$'000	2004-2005 Estimated Revenue \$'000
ADMINISTERED REVENUE		
Renewable Energy Equity Fund – Revenue	1,764	0
TOTAL ESTIMATED REVENUE	1,764	0

TABLE 1.4 – MOVEMENT OF ADMINISTERED FUNDS FROM 2003-04 TO 2004-05

There are no movements of administered funds from 2003-04 to 2004-05 for the Australian Greenhouse Office.

TABLE 1.5 – ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

	Outcome affected	2003-2004 Estimated Expense \$'000	2004-2005 Estimated Expense \$'000
ADMINISTERED SPECIAL APPROPRIATION			
<i>Appropriation (Supplementary Measures) Act (No. 2) 1999*</i>	1	17,937	0
DEPARTMENTAL SPECIAL APPROPRIATION			
<i>Appropriation (Supplementary Measures) Act (No. 2) 1999*</i>	1	69,382	0
TOTAL ESTIMATED EXPENSE		87,319	0

* *Appropriation (Supplementary Measures) Act (No. 2) 1999* lapses in 2003-04. Unspent funding from the Measures for a Better Environment will revert to annual appropriation from 2004-05

TABLE 1.6 – ESTIMATES OF SPECIAL ACCOUNT FLOWS AND BALANCES

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

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Australian Greenhouse Office has not been appropriated any administered capital for 2004-05 and will not receive any departmental equity injections or loans in 2004-05.

Part C

Section 2

Australian Greenhouse Office

**OUTCOMES AND
OUTPUTS INFORMATION**

OVERVIEW

The following section provides details of the budget implications for the Australian Greenhouse Office. Specifically it provides in the following order:

- a diagrammatic representation of the output groups and individual outputs;
- a description for the Sub-outcome;
- details of the Budget Measures that impact on the Sub-outcome;
- Table 2.1 providing details of the financial resources for the Sub-outcome;
- a description of how the departmental outputs comprising the Sub-outcome contribute to that outcome;
- Table 2.2 which provides performance information for each departmental output; and
- general information on performance and evaluation.

Sub-outcome and Output Groups

	Total Price Outputs \$'000	Administered Appropriation \$'000	Departmental Outputs Appropriation \$'000
AUSTRALIAN GREENHOUSE OFFICE	44,719	71,845	44,719
<i>Sub-outcome - Australians working together to meet the challenge of climate change</i>			
1.1 International Engagement	3,309		3,309
1.2 Emissions Management	22,383		22,383
1.3 Foundation	19,027		19,027
TOTAL SUB-OUTCOME	44,719	71,845	44,719

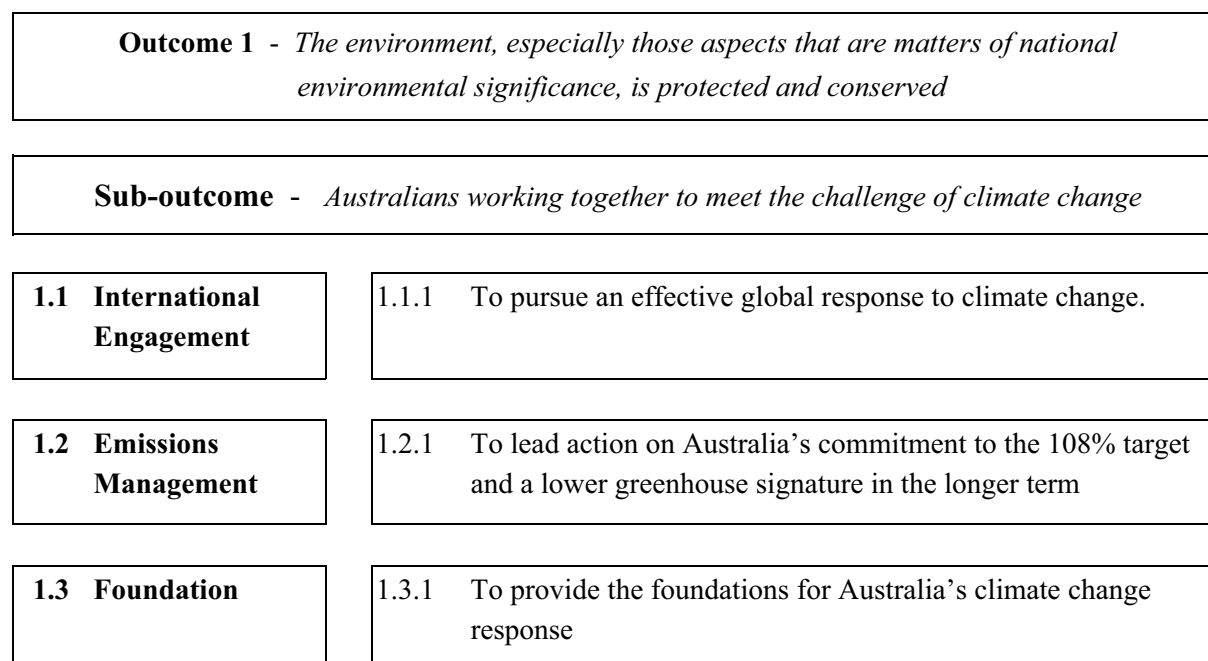
This structure shows the relationship between the Government Sub-outcome and contributing outputs for the Australian Greenhouse Office, presented here as output groups. Financial details for this Sub-outcome by outputs and output groups appears in Table 2.1 while non-financial information for the Sub-outcome appears in Table 2.2.

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.

Relationship Between Sub-outcome and Contributing Outputs

The following chart provides a diagrammatic representation of the output groups and individual outputs feeding into those groups, contributing to Outcome 1 (Environment).



Note: Revenue from Government through appropriations contributed 100% to the total output price for this outcome for 2004-05.

CHANGES TO OUTCOMES AND OUTPUTS

The AGO has changed its output structure since the 2003-04 Budget.

A new output structure has been developed to better align the outputs of the organization with the Climate Change Strategy. As a guide:

- The work conducted through the previous Output 1.1 will now be progressed through Output 1.1 International engagement and Output 1.3 Foundation.
- The work conducted through the previous Outputs 1.2 to 1.4 will now be progressed through Output 1.2 Emissions management.
- The work conducted through the previous Output 1.5 will now be progressed through Output 1.3 Foundation.

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*

The Australian Greenhouse Office (AGO) will continue to work towards an effective global response to climate change through enhanced international engagement and targeted domestic action in a way that:

- advances our national interest;
- meets our internationally agreed 108% target; and
- positions Australia as a strong competitive economy with a lower greenhouse signature.

AGO actions will include:

- the development and implementation of bilateral partnerships and projects that deliver mutual practical benefit for Australia and partner countries;
- building the capacity of developing countries to take action on climate change;
- extending Australia's world class expertise in climate science;
- the development of a coherent, nationally coordinated, strategic response to climate change;
- building Australia's capacity for effective adaptation strategies;
- leading action on Australia's commitment to the 108% target;
- action to increase the uptake of energy efficiency;
- support for the development and uptake of proven and emerging low emissions technologies;
- continued building of capacity through voluntary partnerships with industry, business and the community;
- enhancing Australia's regional development and natural resource management by promoting greenhouse action on the land;
- robust projections of Australia's progress in meeting our 108% target; and
- policy advice on domestic and international climate change matters including the *Renewable Energy (Electricity) Act 2000* and other relevant legislation.

MEASURES AFFECTING THE SUB-OUTCOME

The Climate Change Strategy

The Government is committed to lowering Australia's greenhouse gas emissions in a manner that maintains Australia's strong and internationally competitive economy. Funding of \$248.3 million will be provided over the period 2004-05 to 2007-08 to implement a range of new measures designed to reduce Australia's greenhouse gas emissions under the Government's Climate Change Strategy. This funding will be in addition to \$215.2 million over four years to maintain existing programmes administered by the Australian Greenhouse Office. The Strategy is designed to ensure that Australia remains on track to meet the 108 percent Kyoto emission target in the period 2008 to 2012.

The Government has allocated \$30.7 million for scientific research to better understand and predict how future changes in Australia's climate will impact on our environment, communities and industry. Funding of \$27 million will foster the development of innovative low emissions technologies.

The strategy includes \$20.1 million for Australia to actively participate in various international fora.

Funding of \$178.0 million will be reallocated within the existing resources of the Australian Greenhouse Office, through a reprioritisation of funding from existing programmes, including the Greenhouse Gas Abatement Programme, the Alternative Fuels Conversion Programme and the Renewable Remote Power Generation Programme. Revenue of \$2.7 million over four years will also result from the continued administration of the Mandatory Renewable Energy Target.

The Climate Change Strategy – action on energy efficiency

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	5,537	6,744	7,187	7,189

The Government will provide funding of \$26.7 million over four years to increase the uptake of cost-effective and technically proven energy efficiency opportunities across the economy.

The measure integrates and upgrades existing greenhouse energy efficiency measures, and will contribute to lowering Australia's greenhouse emissions signature. The Government will work with industry, business, the community and all levels of government to increase the uptake of cost-effective energy efficiency opportunities that will encourage reduced greenhouse emissions, reduce energy demand and improve Australia's competitiveness.

The Climate Change Strategy – Challenge Plus – Industry Partnerships

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	6,747	6,943	8,805	8,837

The Government will provide funding of \$31.3 million over four years to extend and strengthen the Greenhouse Challenge Programme.

Challenge Plus — Industry Partnerships is a voluntary programme that encourages business and industry to manage and report their greenhouse emissions. This measure will give Australia a world-leading voluntary programme that will promote reduced greenhouse emissions and provide more consistent reporting of emissions levels. Industry and business will have an opportunity to display their greenhouse credentials to potential customers, as well as an increased capacity to factor greenhouse risks and opportunities into planning and operational decisions.

The Climate Change Strategy – Climate Change Science Programme

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	6,643	6,806	8,554	8,663

The Government will provide funding of \$30.7 million over four years to maintain Australia's world class expertise in climate change science.

Scientific knowledge is fundamental to the capacity of government, industry and the community to understand and respond to climate change. This measure will enhance understanding of the key drivers of climate change in Australia, improve modelling of climate variability and climate change, develop regional climate change projections and foster collaboration in international climate change research.

The Climate Change Strategy – emissions measurement and analysis

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	5,287	8,071	8,095	8,169

The Government will provide funding of \$29.6 million over four years to fund the ongoing production of fundamental data and analysis to inform decision making on greenhouse policy.

Australia's ability to report domestically and internationally on emissions levels and trends is underpinned by robust emissions measurement and analysis. This measure ensures that Australia will be able to fulfil our international reporting commitments by providing ongoing funding for the National Greenhouse Gas Inventory, greenhouse projections and emissions analysis and a world class National Carbon Accounting System.

The Climate Change Strategy – local greenhouse action

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	2,537	3,216	3,635	3,804

The Government will provide funding of \$13.2 million over four years to engage local government and the community in identifying and implementing practical actions to reduce greenhouse gas emissions.

Australia's seven million households collectively produce one-fifth of Australia's total greenhouse emissions. This programme will help focus on reducing these emissions.

The Climate Change Strategy – greenhouse action to enhance sustainability in regional Australia

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	3,678	4,931	5,417	5,430

The Government will provide funding of \$19.5 million over four years to establish effective partnerships with industry, research organisations and the States to deliver greenhouse gas abatement improvements in agriculture and land management.

Agricultural and other land-based emissions contribute around one-third of Australia's greenhouse emissions. In turn, these sectors can be particularly vulnerable to the potential impacts of climate change. This measure will provide funds to assist rural communities to reduce emissions from land based sectors by helping land managers to measure and report on their greenhouse emissions, and by encouraging new abatement technologies.

The Climate Change Strategy – influencing international climate change policy

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	2,473	4,800	6,405	6,386

The Government will provide funding of \$20.1 million over four years to work towards a more comprehensive and effective global response to climate change consistent with Australia's national interests.

This measure will provide specialist technical, analytical and scientific advice to underpin Australia's active participation in international negotiations on climate change. Funding will support multilateral climate change negotiations and processes, help build the capacity of developing countries to take effective climate change action, and expand bilateral partnerships with key strategic countries.

The Climate Change Strategy – low emissions technology and abatement

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	3,244	5,675	8,998	9,026

The Government will provide funding of \$26.9 million over four years to encourage ongoing investment in the development, demonstration and deployment of low emission technologies, and other cost-effective abatement activities.

This measure supports cost-effective improvements in the efficiency of existing technologies and encourages the development of new low emissions technologies. A combination of competitive funding approaches and direct support will be used to leverage private sector investment.

The Climate Change Strategy – National Climate Change Adaptation Programme

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	2,336	3,632	3,973	4,221

The Government will provide funding of \$14.2 million over four years to prepare Australian governments and vulnerable industries, communities and ecosystems to manage unavoidable consequences of climate change.

This measure will address the impacts and adaptation aspect of climate change. It provides national leadership and coordination on assessment of climate change impacts, and enables risks to be managed and opportunities to be captured through effective adaptation. Detailed assessments of the economic and social implications of climate change will be undertaken to identify and evaluate adaptation options for vulnerable industries and regional communities.

The Climate Change Strategy – strategic national response

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	4,410	7,160	7,049	6,980

The Government will provide funding of \$25.6 million over four years to coordinate greenhouse policy across Australian Government agencies, and between the different levels of government, as well as engaging with business, industry and the community.

This measure will support other elements of the Government's Climate Change Strategy through the continued provision of whole-of-government advice on domestic greenhouse policy issues, and the provision of information and education programmes to promote awareness of climate change.

The Climate Change Strategy – reprioritisation of funding from existing programmes

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Australian Greenhouse Office	-42,101	-57,466	-49,338	-29,124

Funding of \$178 million will be reallocated within the existing resources of the Australian Greenhouse Office to partially fund new measures designed to reduce Australia's greenhouse gas emissions. Programmes from which funding will be reprioritised include the Greenhouse Gas Abatement Programme and the Alternative Fuels Conversion Programme.

TOTAL RESOURCES FOR THE SUB-OUTCOME

The following Table 2.1 provides details of the financial resources for the Australian Greenhouse Office. It shows the expenditure for each output group, revenue from Government, revenue from other sources and the total price of outputs. The average staffing level for this Sub-outcome also appears at the end of the table.

TABLE 2.1 – TOTAL RESOURCES FOR THE SUB-OUTCOME

	Estimated Actuals 2003-04	Budget 2004-05
	\$'000	\$'000
ADMINISTERED SPECIAL ACCOUNTS	0	0
ADMINISTERED APPROPRIATIONS		
Special Appropriation		
<i>Appropriation (Supplementary Measures) Act (No. 2) 1999</i>	17,937	0
Annual Appropriation		
Bill 1 Grants and other payments	0	43,457
Bill 2 Specific Purpose Payments to/through States and Territory Governments	0	28,388
TOTAL ADMINISTERED APPROPRIATIONS	17,937	71,845
DEPARTMENTAL APPROPRIATIONS		
Output Group 1.1 - International Engagement		
1.1.1 To pursue an effective global response to climate change	2,465	3,309
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	52,255	22,383
Output Group 1.3 - Foundation		
1.3.1 To provide the foundations for Australia's climate change response	17,977	19,027
TOTAL REVENUE FROM GOVERNMENT (Appropriations)	72,697	44,719
<i>Contributing to Price of Departmental Outputs</i>	<i>100.0%</i>	<i>100.0%</i>
TOTAL REVENUE FROM OTHER SOURCES	0	0
TOTAL PRICE OF DEPARTMENTAL OUTPUTS	72,697	44,719
DEPARTMENTAL SPECIAL ACCOUNTS	0	0
TOTAL ESTIMATED RESOURCING (Total price of outputs and administered appropriations)	90,634	116,564

	2003-2004	2004-05
AVERAGE STAFFING LEVEL (NUMBER)	174.0	174.0

CONTRIBUTION OF OUTPUTS

The AGO's outputs of:

- international engagement;
- emissions management; and
- foundation

are aimed specifically at meeting Australia's international greenhouse commitments.

The Australian Greenhouse Office (AGO) will continue to work towards an effective global response to climate change through enhanced international engagement and targeted domestic action in a way that:

- advances our national interest ;
- meets our internationally agreed 108% target; and
- positions Australia as a strong competitive economy with a lower greenhouse signature.

PERFORMANCE INFORMATION FOR THE SUB-OUTCOME

Table 2.2 lists the performance information that the Australian Greenhouse Office will use to assess the level of its achievement of the Sub-outcome during 2004-05. It comprises three parts:

- (A) overall achievement - performance information for the outcome overall;
- (B) performance information for Administered items - qualitative and quantitative information for each administered item; and
- (C) performance information for Departmental Outputs - quantitative, qualitative and, price for each output.

(C) Performance Information for Departmental Outputs

OUTPUT GROUP 1.1 – INTERNATIONAL ENGAGEMENT

1.1.1 To pursue an effective global response to climate change

Informing international and domestic policy outcomes	<i>Quality</i>	Effectiveness in key international, regional and bilateral climate change processes on issues for which the AGO has lead responsibility.
	<i>Quantity</i>	The number of initiatives delivered through key international, regional and bilateral processes.
	<i>Price</i>	\$3.309m

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

Deliver programmes that: - integrate greenhouse issues into business and community decision making - reduce greenhouse emissions - accelerate uptake of energy efficiency and low emission technologies Deliver programmes that engage government, business and the community and build capacity for greenhouse action	<i>Quality</i>	Reporting systems are appropriately targeted and high quality. Implementation of consistent measurement of abatement across programmes. Risks to programme delivery identified and managed. Effectiveness of support for greenhouse response within sectors. Measurable behaviour change within sectors. Effectiveness in relevant interjurisdictional processes on issues for which the AGO has lead responsibility. Effectiveness of financial administration.
	<i>Quantity</i>	Reported abatement activity including emissions reductions and/or energy savings. Estimated cost (Government funds) of greenhouse abatement (\$/tonne). Investment dollars (or contributory funding) leveraged from other parties by projects and programmes. Extent of engagement of key stakeholders. Extent of support for long-term low emission technology uptake.
	<i>Price</i>	\$22.383m

(C) Performance Information for Departmental Outputs (continued)**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 AGO 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 AGO 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</i>	\$19.027m

PERFORMANCE INFORMATION

Achievement of planned performance will be reported in the Australian Greenhouse Office's 2003-04 Annual Report.

EVALUATIONS

The Australian National Audit Office Audit Report No 34 2003-04 *The Administration of Major Programmes: Australian Greenhouse Office* was tabled in Parliament on 5 March 2004. The audit examines and reports on the administrative effectiveness and value for money obtained from initiatives designed to reduce greenhouse gas emissions.

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 financial statements that will appear in the Australian Greenhouse Office's 2004-2005 Annual Report, and is also required as input into the Whole of Government Accounts.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

There is a decrease in both Budget revenues of \$28.0 million and expenses of \$34.5 million from 2003-04 to 2004-05. The primary cause of the decreases is the reclassification of Departmental grants in the 2004-05 Budget to Administered, as determined by the Department of Finance and Administration under the Finance Minister's Orders. There is also a decrease of \$8.4 million in supplier expenses reflecting reduced administrative costs associated with the delivery of programmes over the Budget and forward years.

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

There is an increase in grants funding from 2003-04 to 2004-05 of \$53.9 million, reflecting both the reclassification of Departmental grants in the 2004-05 Budget to Administered, as determined by the Department of Finance and Administration under the Finance Minister's Orders, and increased grants funding under a range of programmes reflecting the contracted and expected milestone payment schedules for these programmes.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

This statement provides a picture of the expected financial results for the Australian Greenhouse Office by identifying full accrual expenses and revenues and highlights whether the Australian Greenhouse Office is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position

This statement shows the financial position of the Australian Greenhouse Office. It helps decision makers to track the management of the Australian Greenhouse Office's assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statement

Shows all planned capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non-financial Assets - Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

SCHEDULE OF ADMINISTERED ACTIVITY

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

This schedule identifies the main revenues and expenses administered on behalf of the Government except revenue from administered appropriations. As a result of new requirements under the Finance Minister's Orders (FMO) in 2001-02, the receipt of administered appropriations from the Official Public Account is no longer reported as administered revenue. Under the new FMOs only transactions external to the Commonwealth are reported as revenue.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Schedule of Budgeted Administered Cash Flows

This schedule shows cash flows administered on behalf of the Government.

Schedule of Administered Capital Budget

This schedule shows details of planned administered capital expenditure.

Schedule of Administered Non-financial Assets – Summary of Movement

This schedule discloses details of movements in administered non-financial assets.

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

<i>Note</i>	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
	2003-04	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES FROM ORDINARY ACTIVITIES					
Revenues from Government	72,697	44,719	45,228	47,246	47,434
Interest	0	0	0	0	0
Total revenues from ordinary activities	72,697	44,719	45,228	47,246	47,434
EXPENSES FROM ORDINARY					
ACTIVITIES (excluding borrowing costs expense)					
Employees	17,032	16,804	17,416	17,508	17,520
Suppliers	36,209	27,849	27,732	29,662	29,876
Grants	25,878	0	0	0	0
Depreciation and amortisation	85	66	80	76	38
Total expenses from ordinary activities (excluding borrowing costs expense)	79,204	44,719	45,228	47,246	47,434
Borrowing cost expense	0	0	0	0	0
Net Surplus or (deficit) from ordinary activities	(6,507)	0	0	0	0
Gain or loss on extraordinary items	0	0	0	0	0
Net Surplus or (deficit)	(6,507)	0	0	0	0

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

<i>Note</i>	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
	2003-04	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial Assets					
Cash	3,379	1,510	1,689	1,689	1,694
Receivables	22,251	22,178	22,206	22,206	22,206
Accrued revenues	0	0	0	0	0
Total financial assets	25,630	23,688	23,895	23,895	23,900
Non-financial assets					
Infrastructure, plant and equipment	260	194	114	38	0
Other	14	14	89	165	198
Total Non-financial assets	274	208	203	203	198
Total Assets	25,904	23,896	24,098	24,098	24,098
LIABILITIES					
Interest bearing liabilities					
Loans	0	0	0	0	0
Other	0	0	0	0	0
Total debt	0	0	0	0	0
Provisions					
Employees	4,759	5,074	5,415	5,415	5,415
Other	0	0	0	0	0
Total Provisions	4,759	5,074	5,415	5,415	5,415
Payables					
Suppliers	3,005	1,731	1,592	1,592	1,592
Grants	1,049	0	0	0	0
Other	0	0	0	0	0
Total Payables	4,054	1,731	1,592	1,592	1,592
Total Liabilities	8,813	6,805	7,007	7,007	7,007

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

	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
<i>Note</i>	2003-04	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
EQUITY					
Parent entity Interest					
Contributed equity	0	0	0	0	0
Reserves	0	0	0	0	0
Statutory funds	0	0	0	0	0
Retained surpluses or accumulated deficits	17,091	17,091	17,091	17,091	17,091
Total parent entity interest	17,091	17,091	17,091	17,091	17,091
Total equity	17,091	17,091	17,091	17,091	17,091
Total assets and liabilities by maturity					
Current liabilities	7,541	5,438	5,538	5,538	5,538
Non-current liabilities	1,272	1,367	1,469	1,469	1,469
Current assets	25,644	23,702	23,984	24,060	24,098
Non-current assets	260	194	114	38	0

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

<i>Note</i>	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
	2003-04	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	79,204	44,719	45,228	47,246	47,434
Sales of goods and services	1,258	0	0	0	0
Interest	0	0	0	0	0
Others	8,830	3,339	3,131	3,340	3,356
Total cash received	89,292	48,058	48,359	50,586	50,790
Cash Used					
Employees	16,820	16,489	17,075	17,508	17,520
Suppliers	35,743	29,123	27,946	29,739	29,909
Grants	25,783	1,049	0	0	0
Others	8,855	3,266	3,159	3,339	3,356
Total cash used	87,201	49,927	48,180	50,586	50,785
Net cash from operating activities	2,091	(1,869)	179	0	5
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	0	0	0
Other	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from investing activities	0	0	0	0	0

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

	Estimated Actual 2003-04	Budget Estimate 2004-05	FORWARD ESTIMATES		
<i>Note</i>	2003-04	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					
Capital use charge paid	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	2,091	(1,869)	179	0	5
Cash at the beginning of the reporting period	1,288	3,379	1,510	1,689	1,689
Cash at the end of the reporting period	3,379	1,510	1,689	1,689	1,694

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)**

	Land \$'000	Buildings \$'000	Other Infrastructure Plant and Equipment \$'000	Heritage and cultural assets \$'000	Computer software \$'000	Other intangibles \$'000	Total \$'000
<i>Carrying amount at the start of the year</i>			113		147		260
Additions							
Disposals							
Revaluation Increments							
Recoverable Amount Write- Downs							
Net Transfers free of Charge							
Depreciation/Amortisation Expense			38		28		66
Write-off of Assets							
<i>Carrying amount at the end of the year</i>			75		119		194

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

	Estimated Actual	Budget Estimate	FORWARD ESTIMATES		
<i>Note</i>	2003-04	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	1,764	0	0	0	0
Total non-taxation	1,764	0	0	0	0
Total revenues administered on behalf of the Government	1,764	0	0	0	0
Expenses					
Grants	17,937	71,845	74,081	65,285	57,117
Total expenses administered on behalf of the Government	17,937	71,845	74,081	65,285	57,117

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

<i>Note</i>	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
	2003-04	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial Assets					
Cash	0	0	0	0	0
Receivables	0	0	0	0	0
Total financial assets	0	0	0	0	0
Non-financial assets					
Infrastructure, plant and equipment	0	0	0	0	0
Other	0	0	0	0	0
Total Non-financial assets	0	0	0	0	0
Total Assets Administered on behalf of the Government	0	0	0	0	0
LIABILITIES					
Provisions					
Employees	0	0	0	0	0
Other	0	0	0	0	0
Total Provisions	0	0	0	0	0
Payables					
Suppliers	0	0	0	0	0
Grants	0	0	0	0	0
Other	2,010	2,010	2,010	2,010	2,010
Total Payables	2,010	2,010	2,010	2,010	2,010
Total Liabilities Administered on behalf of the Government	2,010	2,010	2,010	2,010	2,010
Current liabilities	2,010	2,010	2,010	2,010	2,010
Non-current liabilities	0	0	0	0	0
Current assets	0	0	0	0	0
Non-current assets	0	0	0	0	0

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

<i>Note</i>	Estimated	Budget	FORWARD		
	Actual	Estimate	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	18,020	71,928	74,164	65,368	57,200
Special Accounts	0	0	0	0	0
Others	1,847	83	83	83	83
Total cash received	19,867	72,011	74,247	65,451	57,283
Cash Used					
Suppliers	0	0	0	0	0
Grants	17,937	71,845	74,081	65,285	57,117
Cash to Official Public Account	1,847	83	83	83	83
Special Accounts	0	0	0	0	0
Others	83	83	83	83	83
Total cash used	19,867	72,011	74,247	65,451	57,283
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)**

	Estimated	Budget	FORWARD		
	Actual	Estimate	ESTIMATES		
<i>Note</i>	2003-04	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 Commonwealth.

Notes to the Financial Statements

1. General notes on accrual budgeting framework

(a) Departmental Financial Statements and Notes of Administered Items

Under the Commonwealth'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 Commonwealth'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.

Part C

Section 4

Australian Greenhouse Office

**PURCHASER-PROVIDER
AND COST RECOVERY
ARRANGEMENTS**

PURCHASER-PROVIDER ARRANGEMENTS

CROSS AGENCY OVERVIEW

The Australian Greenhouse Office (AGO) has a cross agency arrangement with the Department of the Environment and Heritage whereby the Department provides under a Memorandum of Understanding transactional corporate services to the AGO on a commercial basis. The AGO purchases the delivery of the Renewable Energy Equity Fund from AusIndustry.

RESPONSIBILITY

The Chief Executive of the Australian Greenhouse Office is responsible to the Minister for the Environment and Heritage for the delivery and management of the AGO outputs.

CONTROL ARRANGEMENTS

The Australian Greenhouse Office is a prescribed agency under the *Financial Management and Accountability Act 1997*. It was established as an Executive Agency under the *Public Service Act 1999* in March 2000.

PERFORMANCE AGAINST OUTCOMES AND OUTPUTS

Refer to Australian Greenhouse Office, Section 2.

COST RECOVERY ARRANGEMENTS

SUMMARY OF COST RECOVERY IMPACT STATEMENT

The Australian Greenhouse Office is committed to implementing the Commonwealth's formal cost recovery policy. In accordance with this policy the Australian Greenhouse Office will adhere to the Commonwealth's cost recovery guidelines when:

- undertaking reviews consistent with the Government's five-year review schedule for existing cost recovery arrangements;
- new cost recovery arrangements are proposed;
- significant amendments to existing arrangements are being considered; and
- periodic reviews of cost recovery arrangements are required.

