

**AGENCY**  
**BUDGET STATEMENTS**

**OFFICE OF THE**  
**RENEWABLE ENERGY**  
**REGULATOR**



## Overview, Appropriations and Budget Measures

### OVERVIEW

The Office of the Renewable Energy Regulator (ORER) was established on 1 April 2001 as a separate statutory agency within the Environment and Heritage Portfolio to implement the government's mandatory renewable energy target. The target is enacted through the *Renewable Energy (Electricity) Act 2000*, the *Renewable Energy (Electricity) (Charge) Act 2000* and the *Renewable Energy (Electricity) Regulations 2001*.

On 1 July 2003 ORER became a prescribed agency under the *Financial Management and Accountability Act 1997*. Prior to this date, the annual appropriations for ORER were included in the appropriations for the Australian Greenhouse Office and ORER's financial statements were published in the Department of the Environment and Heritage Annual Reports. ORER reported as an independent agency for the first time in the 2003-04 Portfolio Additional Estimates Statements.

### APPROPRIATIONS AND RESOURCING

The total appropriation for the Office of the Renewable Energy Regulator in 2004–05 is \$3.148 million. This comprises \$2.646 million departmental output appropriation and \$0.502 million administered special appropriation.

Table 1.1 on the following page, shows the revenues for the Office of the Renewable Energy Regulator for 2004–05.

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

	DEPARTMENTAL PRICE OF OUTPUTS				ADMINISTERED		Total Approps
	Revenue from Government (Appropriations)		Revenue from other Sources <sup>(1)</sup>	Total Price of Outputs <sup>(2)</sup>	Revenue from Government (Appropriations)		
	Bill 1	Total			Special Approp	Total	
	A	C=A+B	D	E=C+D	G	H=F+G	I=C+H
<b>Outcome 1</b> <b>Sub-outcome</b> <i>Increased Renewable Electricity Generation</i>	2,646	<b>2,646</b>	<b>0</b>	<b>2,646</b>	502	<b>502</b>	<b>3,148</b>
		100% #					
<b>TOTAL</b>	<b>2,646</b>	<b>2,646</b>	<b>0</b>	<b>2,646</b>	<b>502</b>	<b>502</b>	<b>3,148</b>

(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 Source.

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

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

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

<b>Measure</b>	Outcome	Output Groups Affected	Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)			Appropriations (\$'000)		
			2004-05	2005-06	2006-07	2007-08	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs
The Climate Change Strategy – continuing administration of the Mandatory Renewable Energy Target	<i>1</i>	<i>All</i>	-	2,589	<b>2,589</b>	-	2,664	<b>2,664</b>	-	2,731	<b>2,731</b>	-	2,619	<b>2,619</b>
<i>Related revenue</i>					<b>500</b>			<b>600</b>			<b>700</b>			<b>900</b>

A positive number for revenue indicates an increase in the fiscal balance.

**TABLE 1.3 – RECEIPTS FROM INDEPENDENT SOURCES**

	2003-2004 Estimated Revenue	2004-2005 Estimated Revenue
	\$'000	\$'000
Administered Revenues <sup>(1)</sup>	496	708
<b>TOTAL ESTIMATED REVENUE</b>	<b>496</b>	<b>708</b>

- (1) The administered revenues represent statutory fees and penalties collected in accordance with *Renewable Energy (Electricity) Act 2000*. These statutory fees and penalties are returned to the Official Public Account.

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

There has been no movement of administered funds from 2003-04 to 2004-05 for the Office of the Renewable Energy Regulator.

**TABLE 1.5 – ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**

	Outcome affected	2003-2004 Estimated Expense	2004-2005 Estimated Expense
		\$'000	\$'000
<b>ADMINISTERED SPECIAL APPROPRIATION</b>			
Renewable energy shortfall refunds	1	123	502
<b>TOTAL ESTIMATED EXPENSE</b>		<b>123</b>	<b>502</b>

**TABLE 1.6 – ESTIMATES OF SPECIAL ACCOUNT FLOWS AND BALANCES**

There are no special accounts for the Office of the Renewable Energy Regulator in the 2004-05 Budget.

**ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The Office of the Renewable Energy Regulator has not been appropriated any administered capital for 2004-05 and will not receive any departmental equity injection or loans in 2004-05.

---

**Part C**  
**Section 2**  
**Office of the Renewable**  
**Energy Regulator**

**OUTCOMES AND**  
**OUTPUTS INFORMATION**

## OVERVIEW

The following section provides details of the budget implications for the Office of the Renewable Energy Regulator. Specifically it provides in the following order:

- a diagrammatic representation of the output groups and individual outputs;
- a description of 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
<b>OFFICE OF THE RENEWABLE ENERGY REGULATOR</b>	<b>2,646</b>	<b>502</b>	<b>2,646</b>
<i>Sub-outcome - Increased Renewable Electricity Generation</i>			
1.1 Renewable energy certificate (REC) management	1,852		1,852
1.2 Managing compliance with legislation	794		794
<b>TOTAL SUB-OUTCOME</b>	<b>2,646</b>	<b>502</b>	<b>2,646</b>

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

### OUTPUT COST ATTRIBUTION

The Office of the Renewable Energy Regulator allocates corporate overheads on the basis of employee costs attributed to each output.

## 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).

<p><b>Outcome 1</b> - <i>The environment, especially those aspects that are matters of national environmental significance, is protected and conserved</i></p>	
<p><b>Sub-outcome</b> - <i>Increased Renewable Electricity Generation</i></p>	
<p>1.1 Renewable energy certificate (REC) management</p>	<p>Maintain register of registered persons, register of applications for accreditation, register of accredited power stations and register of RECs.</p> <p>Manage accreditation of power stations.</p> <p>Manage creation and validation of RECs.</p> <p>Manage internet based registry facility including updating software.</p> <p>Manage administrative updates to Regulations.</p> <p>Number of RECs validly created in the year.</p> <p>Total REC liability expressed as a percentage of the annual renewable energy target.</p> <p>Total number of RECs surrendered in the year as a percentage of the target.</p>
<p>1.2 Managing compliance with legislation</p>	<p>Assess annual compliance statements.</p> <p>Impose any penalties.</p> <p>Assist participants in providing pertinent information to ORER.</p> <p>Redeem any shortfall charges.</p> <p>Audit participants.</p> <p>Maintain other administrative procedures for effective operation of the <i>Renewable Energy (Electricity) Act 2000</i>.</p> <p>The percentage of accreditation applications assessed within six weeks of receipt of completed applications and other necessary information.</p> <p>The percentage of RECs annually created that are validated.</p> <p>The number of liable parties having shortfalls.</p> <p>The sum of all shortfalls expressed in RECs.</p>

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

## CHANGES TO OUTCOMES AND OUTPUTS

There have been no changes to the output structure for the Office of the Renewable Energy Regulator since the 2003-04 Portfolio Additional Estimates Statements.

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

**SUB-OUTCOME:**      *Increased Renewable Electricity Generation*

The Office of the Renewable Energy Regulator (ORER) is a prescribed agency within the Environment and Heritage portfolio. The ORER's role is to administer the *Renewable Energy (Electricity) Act 2000*, the *Renewable Energy (Electricity) (Charge) Act 2000* and the *Renewable Energy (Electricity) Regulations 2001*. Together, the Acts and Regulations support the Australian Government's mandatory renewable energy target, designed to increase renewable energy generation by 9500 GWh by 2010.

The legislation administered by ORER imposes obligations on wholesale purchasers of electricity to meet individual targets each calendar year for purchasing renewable-based electricity. This is achieved by obtaining and surrendering renewable energy certificates to the ORER.

**MEASURES AFFECTING THE SUB-OUTCOME*****The Climate Change Strategy – continuing administration of the Mandatory Renewable Energy Target***

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
<i>Office of the Renewable Energy Regulator</i>	2,589	2,664	2,731	2,619
<i>Related revenue</i>	500	600	700	900

The Government will provide an additional \$10.6 million over four years to the Office of the Renewable Energy Regulator to continue administration of the Mandatory Renewable Energy Target.

The Office is a separate statutory agency within the Environment and Heritage Portfolio.

This measure will be partly offset through the continued collection of fees from industry participants in the Mandatory Renewable Energy Target scheme, amounting to \$2.7 million over four years.

**TOTAL RESOURCES FOR THE SUB-OUTCOME**

The following Table 2.1 provides details of the financial resources for the Office of the Renewable Energy Regulator. 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 \$'000	Budget 2004-05 \$'000
<b>ADMINISTERED SPECIAL ACCOUNTS</b>	<b>0</b>	<b>0</b>
<b>ADMINISTERED SPECIAL APPROPRIATIONS</b>	<b>123</b>	<b>502</b>
<b>TOTAL ADMINISTERED APPROPRIATIONS</b>	<b>123</b>	<b>502<sup>(1)</sup></b>
<b>DEPARTMENTAL APPROPRIATIONS</b>		
Output 1.1 – Renewable energy certificate (REC) management	1,094	1,852
Output 1.1.2 – Managing compliance with legislation	469	794
<b>TOTAL REVENUE FROM GOVERNMENT (Appropriations)</b>	<b>1,563</b>	<b>2,646</b>
<i>Contributing to Price of Departmental Output</i>	<i>100%</i>	<i>100%</i>
<b>REVENUE FROM OTHER SOURCES</b>		
Output 1.1 – Renewable energy certificate (REC) management	0	0
Output 1.1.2 – Managing compliance with legislation	0	0
<b>TOTAL REVENUE FROM OTHER SOURCES</b>	<b>0</b>	<b>0</b>
<b>TOTAL PRICE OF DEPARTMENTAL OUTPUTS</b>	<b>1,563</b>	<b>2,646</b>
<b>DEPARTMENTAL SPECIAL ACCOUNTS</b>	<b>0</b>	<b>0</b>
<b>TOTAL ESTIMATED RESOURCING</b>	<b>1,686</b>	<b>3,148</b>
<b>AVERAGE STAFFING LEVEL (NUMBER)</b>	10.0	10.0

- (1) The ORER will receive \$0.502m in special appropriations in 2004-05. The special appropriation represents penalty refunds, drawn down from the Official Public Account and paid to companies meeting certain conditions under the *Renewable Energy (Electricity) Act 2000* and able to redeem prior penalty payments.

## **CONTRIBUTION OF OUTPUTS**

The Office of the Renewable Energy Regulator outputs are targeted towards achieving the governments objective of Increasing Renewable Electricity Generation. The objectives are to:

- support the effective administration of the mandatory renewable energy target, particularly managing compliance with legislation; and
- support compliance through effectively managing the Renewable energy certificate creation, validation and surrender process.

The outputs will be delivered in a way that:

- promotes compliance with the requirements of the legislation;
- encourages the additional generation of electricity from renewable sources; and
- ensures the renewable energy sources are ecologically sustainable.

## **PERFORMANCE INFORMATION FOR THE SUB-OUTCOME**

The following Table 2.2 lists the performance information that the Office of the Renewable Energy Regulator will use to assess the level of its achievement of the Sub-outcome during 2004-05. It is comprised of 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.

**TABLE 2.2 – PERFORMANCE INFORMATION FOR THE SUB-OUTCOME**

***(A) Effectiveness – Overall Achievement of the Outcome***

Increased Renewable Electricity Generation	The amount of renewable electricity generated in the year and potentially eligible under the <i>Renewable Energy (Electricity) Act 2000</i> , expressed as a percentage of the mandated target for the year.
--	--

***(B) Performance Information for Administered Items***

Incoming REC fees: REC management	Quantity	Renewable energy certificate fees collected in line with the <i>Renewable Energy (Electricity) Act 2000</i> and agreed administrative guidelines for the collection of small amounts.
	Quality	All renewable energy certificate fees transferred to the Official Public Account within 5 working days of receipt of fees and verification that amounts are correct.
Incoming penalty fees: Compliance	Quantity	Ensure, through a comprehensive assessment process, that all renewable energy shortfall fees owing to the Commonwealth are recovered from liable parties.
	Quality	All renewable energy shortfall fees transferred to the Official Public Account with 5 working days of receipt of penalty fees and verification that amounts are correct.
Outgoing REC fees: Compliance	Quantity	Ensure that renewable energy shortfall refunds are correctly calculated taking into consideration the relevant administrative charges specified under the <i>Renewable Energy (Electricity) Regulations 2001</i> .
	Quality	All renewable energy shortfall refunds paid to the liable party within 6 weeks of verification that shortfall refunds are legally payable under the <i>Renewable Energy (Electricity) Act 2000</i> and that amounts are correct.

*(C) Performance Information for Departmental Outputs*

**OUTPUT GROUP 1.1 – RENEWABLE ENERGY CERTIFICATE (REC) MANAGEMENT**

<i>Quality</i>	<p>Maintain register of registered persons, register of applications for accreditation, register of accredited power stations and register of RECs.</p> <p>Manage accreditation of power stations.</p> <p>Manage creation and validation of RECs.</p> <p>Manage internet based registry facility including updating software.</p> <p>Manage administrative updates to Regulations.</p>
<i>Quantity</i>	<p>Number of RECs validly created in the year.</p> <p>Total REC liability expressed as a percentage of the annual renewable energy target.</p> <p>Total number of RECs surrendered in the year as a percentage of the target.</p>
<i>Price</i>	\$1.852m

***(C) Performance Information for Departmental Outputs (continued)***

**OUTPUT GROUP 1.2 – MANAGING COMPLIANCE WITH LEGISLATION**

<i>Quality</i>	Assess annual compliance statements. Impose any penalties. Assist participants in providing pertinent information to ORER. Redeem any shortfall charges. Audit participants. Maintain other administrative procedures for effective operation of the <i>Renewable Energy (Electricity) Act 2000</i> .
<i>Quantity</i>	The percentage of accreditation applications assessed within six weeks of receipt of completed applications and other necessary information. The percentage of RECs annually created that are validated. The number of liable parties having shortfalls. The sum of all shortfalls expressed in RECs.
<i>Price</i>	\$0.794m

**PERFORMANCE INFORMATION**

Achievement of planned performance will be reported in the Office of the Renewable Energy Regulator 2004-05 Annual Report.

**EVALUATIONS**

There are no evaluations planned for 2004-05.



---

---

**Part C**  
**Section 3**  
**Office of the Renewable**  
**Energy Regulator**

**BUDGETED FINANCIAL**  
**STATEMENTS**

## **Budgeted Financial Statements**

The budgeted departmental financial statements for the Office of the Renewable Energy Regulator (ORER) are presented in this section. Information from the budgeted financial statements, forms part of the financial statements that will appear in the ORER's 2004-05 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**

The Agency is budgeting towards a small surplus for 2004-05, representing funds retained for capital purchases. The Agency also projects a small deficit position for 2003-04 as it utilises unspent funds from prior year appropriations. The statement also reflects a transfer of \$0.365m from the ORER to the Official Public Account (OPA). This represents prior year renewable energy certificate related revenue required to be returned to the OPA.

Total revenue is increased from previous years and reflects the increasing administration costs of the mandatory renewable energy target as the target grows in size and numbers of participants increases.

The ORER is anticipating increased costs particularly in the areas of service provision (relating to operating an internet-based registry for renewable energy certificates) and, to a lesser extent, in staffing costs.

#### **Budgeted Departmental Statement of Financial Position**

The agency's budget displays asset purchases, as a licence to technical software required to administer the *Renewable Energy (Electricity) Act 2000* is purchased and depreciated.

#### **Schedule of Budgeted Revenues and Expenses Administered on behalf of Government**

The ORER is responsible for three types of administered funds. While these funds are handled through the ORER, none of these funds are available for the ORER to access. The three administered funds are:

Incoming revenue - Renewable energy certificate related fees: These are statutory fees for the creation and surrender of renewable energy certificates under the *Renewable Energy (Electricity) Act 2000*. The ORER collects these fees and returns any revenue to the Official Public Account.

Incoming revenue - Renewable energy shortfall related fees: These are the penalties under the *Renewable Energy (Electricity) Act 2000* which are imposed when a party liable to surrender renewable energy certificates fails to surrender sufficient certificates to discharge their liability (within a certain flexibility margin).

Outgoing expenses - Renewable energy shortfall related fees: The ORER is appropriated funds to meet the cost of paying renewable energy shortfall fees. The Act provides that a company paying a renewable energy shortfall fee can recover that shortfall payment if, in the next three years, the company surrenders additional renewable energy certificates to cover the shortfall. In these instances, the ORER draws from the Official Public Account an amount equal to the refund amount, less any administration fees specified in regulations.

## **DEPARTMENTAL FINANCIAL STATEMENTS**

### **Budgeted Departmental Statement of Financial Performance**

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

### **Budgeted Departmental Statement of Financial Position**

This statement shows the financial position of the Office of the Renewable Energy Regulator. It helps decision makers to track the management of the Office of the Renewable Energy Regulator'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)**

	Estimated	<b>Budget</b>	FORWARD		
	Actual	<b>Estimate</b>	ESTIMATES		
<i>Note</i>	2003-04	<b>2004-05</b>	2005-06	2006-07	2007-08
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>REVENUES FROM ORDINARY ACTIVITIES</b>					
Revenues from Government	1,563	<b>2,646</b>	2,686	2,753	2,641
Sales of goods and services	0	<b>0</b>	0	0	0
Other	0	<b>0</b>	0	0	0
<b>Total revenues from ordinary activities</b>	<b>1,563</b>	<b>2,646</b>	<b>2,686</b>	<b>2,753</b>	<b>2,641</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES (excluding borrowing costs expense)</b>					
Employees	907	<b>943</b>	1,007	1,007	1,008
Suppliers	990	<b>1,463</b>	1,559	1,626	1,633
Grants	0	<b>0</b>	0	0	0
Depreciation and amortisation	7	<b>113</b>	120	120	0
<b>Total expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>1,904</b>	<b>2,519</b>	<b>2,686</b>	<b>2,753</b>	<b>2,641</b>
Borrowing cost expense					
<b>Net Surplus or (deficit) from ordinary activities</b>	<b>(341)</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend paid to Commonwealth	0	<b>0</b>	0	0	0
Other movements in accumulated results	(365)	<b>0</b>	0	0	0
<b>Net Surplus or (deficit)</b>	<b>(706)</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 3.2 – BUDGETED DEPARTMENTAL STATEMENT OF FINANCIAL POSITION (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
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash	241	<b>241</b>	361	481	481
Receivables	102	<b>102</b>	102	102	102
Accrued revenues	0	<b>0</b>	0	0	0
Other	0	<b>0</b>	0	0	0
<b>Total financial assets</b>	<b>343</b>	<b>343</b>	463	583	583
<b>Non-financial assets</b>					
Land and buildings	0	<b>0</b>	0	0	0
Infrastructure, plant and equipment	113	<b>240</b>	120	0	0
<b>Total Non-financial assets</b>	<b>113</b>	<b>240</b>	120	0	0
<b>Total Assets</b>	<b>456</b>	<b>583</b>	583	583	583
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	0	<b>0</b>	0	0	0
Other	0	<b>0</b>	0	0	0
<b>Total debt</b>	<b>0</b>	<b>0</b>	0	0	0
<b>Provisions</b>					
Employees	184	<b>184</b>	184	184	184
Other	145	<b>145</b>	145	145	145
<b>Total Provisions</b>	<b>329</b>	<b>329</b>	329	329	329
<b>Payables</b>					
Suppliers	0	<b>0</b>	0	0	0
Grants	0	<b>0</b>	0	0	0
Other	0	<b>0</b>	0	0	0
<b>Total Payables</b>	<b>0</b>	<b>0</b>	0	0	0
<b>Total Liabilities</b>	<b>329</b>	<b>329</b>	329	329	329

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

	Estimated	<b>Budget</b>	FORWARD		
	Actual	<b>Estimate</b>	ESTIMATES		
<i>Note</i>	2003-04	<b>2004-05</b>	2005-06	2006-07	2007-08
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>EQUITY</b>					
<b>Parent entity Interest</b>					
Contributed equity	0	<b>0</b>	0	0	0
Reserves	0	<b>0</b>	0	0	0
Statutory funds	0	<b>0</b>	0	0	0
Retained surpluses or accumulated deficits	127	<b>254</b>	254	254	254
<b>Total parent entity interest</b>	<b>127</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>254</b>
<b>Total equity</b>	<b>127</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>254</b>
<b>Total assets and liabilities by maturity</b>					
<b>Current liabilities</b>	329	<b>329</b>	329	<b>329</b>	<b>329</b>
<b>Non-current liabilities</b>	0	<b>0</b>	0	<b>0</b>	<b>0</b>
<b>Current assets</b>	343	<b>343</b>	463	<b>583</b>	<b>583</b>
<b>Non-current assets</b>	113	<b>240</b>	120	<b>0</b>	<b>0</b>

**TABLE 3.3 – BUDGETED DEPARTMENTAL STATEMENT OF CASH FLOWS**  
(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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	1,563	2,646	2,686	2,753	2,641
Other	0	0	0	0	0
<b>Total cash received</b>	<b>1,563</b>	<b>2,646</b>	<b>2,686</b>	<b>2,753</b>	<b>2,641</b>
<b>Cash Used</b>					
Employees	907	943	1,007	1,007	1,008
Suppliers	990	1,463	1,559	1,626	1,633
Other	0	0	0	0	0
<b>Total cash used</b>	<b>1,897</b>	<b>2,406</b>	<b>2,566</b>	<b>2,633</b>	<b>2,641</b>
<b>Net cash from operating activities</b>	<b>(334)</b>	<b>240</b>	<b>120</b>	<b>120</b>	<b>0</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash Received</b>					
Proceeds from sale of property, plant and equipment	0	0	0	0	0
<b>Total Cash Received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	120	240	0	0	0
Other	0	0	0	0	0
<b>Total cash used</b>	<b>120</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from investing activities</b>	<b>(120)</b>	<b>(240)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash Received</b>					
Proceeds from debt	0	0	0	0	0
Proceeds from issuing equity instruments	0	0	0	0	0
<b>Total Cash Received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	Estimated	<b>Budget</b>	FORWARD		
	Actual	<b>Estimate</b>	ESTIMATES		
	<i>Note</i> 2003-04	<b>2004-05</b>	2005-06	2006-07	2007-08
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Cash Used</b>					
Repayment of debt	0	<b>0</b>	0	0	0
Other	365	<b>0</b>	0	0	0
<b>Total Cash Used</b>	<b>365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from financing activities</b>	<b>(365)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/(decrease in cash held)</b>	<b>(819)</b>	<b>0</b>	<b>120</b>	<b>120</b>	<b>0</b>
Cash at the beginning of the reporting period	1,060	<b>241</b>	241	361	481
Cash at the end of the reporting period	241	<b>241</b>	361	481	481

**TABLE 3.4 – DEPARTMENTAL CAPITAL BUDGET STATEMENT**

	Estimated Actual	<b>Budget Estimate</b>	FORWARD ESTIMATES		
<i>Note</i>	2003-04	<b>2004-05</b>	2005-06	2006-07	2007-08
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Capital appropriations</b>					
Total equity injections					
Total loans					
<b>Represented by:</b>					
Purchase of non-current assets					
Other					
<b>Purchase of non-current assets</b>					
Funded by capital appropriations					
Funded internally by departmental resources		120			<b>240</b>

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

	Land \$'000	Buildings \$'000	Other Infrastruc Plant and Equipment \$'000	Heritage and cultural assets \$'000	Computer software \$'000	Other intangibles \$'000	<b>Total \$'000</b>
<i>Carrying amount at the start of the year</i>					<b>113</b>		<b>113</b>
Additions *					<b>240</b>		<b>240</b>
Disposals							
Revaluation Increments							
Recoverable Amount Write- Downs							
Net Transfers free of Charge							
Depreciation/Amortisation Expense					<b>113</b>		<b>113</b>
Write-off of Assets							
<i>Carrying amount at the end of the year</i>					<b>240</b>		<b>240</b>

**\* TOTAL ADDITIONS**

Self funded	240	<b>240</b>
<b>TOTAL</b>	240	<b>240</b>

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

	Estimated	<b>Budget</b>	FORWARD		
	Actual	<b>Estimate</b>	ESTIMATES		
<i>Note</i>	2003-04	<b>2004-05</b>	2005-06	2006-07	2007-08
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Revenues</b>					
<b>Non-taxation</b>					
Revenues from Government	0	<b>0</b>	0	0	0
Statutory Fees	352	<b>500</b>	600	700	900
Penalties	144	<b>208</b>	408	720	1,120
<b>Total non-taxation</b>	496	<b>708</b>	1,008	1,420	2,020
<b>Total revenues administered on behalf of the Government</b>	496	<b>708</b>	1,008	1,420	2,020
<b>Expenses</b>					
Refunds of penalties	123	<b>502</b>	208	408	720
Grants	0	<b>0</b>	0	0	0
<b>Total expenses administered on behalf of the Government</b>	<b>123</b>	<b>502</b>	<b>208</b>	<b>408</b>	<b>720</b>

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

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

**TABLE 3.8 – SCHEDULE OF BUDGETED ADMINISTERED CASH FLOWS**  
**(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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Statutory Fees	352	500	600	700	900
Penalties	144	208	408	720	1,120
Cash from Official Public Account	0	0	0	0	0
- Appropriations	123	502	208	408	720
- Special Accounts	0	0	0	0	0
Other – GST Input Credit	0	0	0	0	0
<b>Total cash received</b>	<b>619</b>	<b>1,210</b>	<b>1,216</b>	<b>1,828</b>	<b>2,740</b>
<b>Cash Used</b>					
Suppliers	0	0	0	0	0
Grants	0	0	0	0	0
Cash to Official Public Account	496	708	1,008	1,420	2,020
Refunds of Penalties	123	502	208	408	720
Special Accounts	0	0	0	0	0
Other – GST Payments to Suppliers	0	0	0	0	0
<b>Total cash used</b>	<b>619</b>	<b>1,210</b>	<b>1,216</b>	<b>1,828</b>	<b>2,740</b>
<b>Net cash from operating activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash Received</b>	0	0	0	0	0
<b>Total Cash Received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Used</b>	0	0	0	0	0
<b>Total cash used</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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
<b>FINANCING ACTIVITIES</b>					
<b>Cash Received</b>	0	0	0	0	0
<b>Total Cash Received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Used</b>	0	0	0	0	0
<b>Total cash used</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/(decrease in cash held)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 Office of the Renewable Energy Regulator 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 Office of the Renewable Energy Regulator 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 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 fund the majority of payments from the Consolidated Revenue Fund (especially for those that are entitlement driven or involve transfers to state governments).

**(c) Administered investments in controlled entities**

Each Commonwealth Department is required to show an administered investment in each *Commonwealth Authority and Company (CAC) Act 1997* 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.

**(d) 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**  
**Office of the Renewable**  
**Energy Regulator**

**PURCHASER-PROVIDER**  
**AND COST RECOVERY**  
**ARRANGEMENTS**

## **PURCHASER-PROVIDER ARRANGEMENTS**

### **CROSS AGENCY OVERVIEW**

ORER has a cross agency agreement with the Department of the Environment and Heritage whereby the Department provides a range of corporate services to ORER on a commercial basis.

### **RESPONSIBILITY**

The Renewable Energy Regulator is appointed by the Minister for the Environment and Heritage and is responsible for the delivery and management of the ORER's outputs.

### **CONTROL ARRANGEMENTS**

ORER was established as a statutory agency under the *Public Service Act 1999* on 18 January 2001 and as a prescribed agency under *the Financial Management and Accountability Act 1997* from 1 July 2003.

### **PERFORMANCE AGAINST OUTCOMES AND OUTPUTS**

Refer to Office of the Renewable Energy Regulator, Section 2.

## **COST RECOVERY ARRANGEMENTS**

### **SUMMARY OF COST RECOVERY IMPACT STATEMENT**

The Office of the Renewable Energy Regulator is committed to implementing the Commonwealth's formal cost recovery policy. In accordance with this policy the Office of the Renewable Energy Regulator 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.