Annual Report of Low Carbon Australia

2012-13

LOWCARBON AUSTRALIA

LOWCARBONAUSTRALIA.COM.AU

Low Carbon Australia Limited

ABN: 61 141 478 748

For further information please visit our website at www.lowcarbonaustralia.com.au

Level 8
Wesley House
140 Ann Street
Brisbane QLD 4000

GPO Box 284
Brisbane QLD 4001

Phone 1300 661 678

PDF and HTML copies of this report are available at http://lowcarbonaustralia.com.au

Contact Officer: Mr SG Every, Director Corporate Affairs and Business Development at
info@lowcarbonaustralia.com.au

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Low Carbon Australia Limited is an independent company established by the Australian Government to deliver innovative programs to help the move towards a low carbon economy.

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23 October 2013

Statement of approval by Directors

As per the requirements of clause 5 of the Commonwealth Companies (Annual Reporting) Orders 2011, the Low Carbon Australia Limited Annual Report 2012 -13 was approved by circular resolution of the Board of Directors of Low Carbon Australia Limited, adopted unanimously and taking effect on this day of 23 October 2013.

Signed

Martijn Wilder AM
Chair of the Board
Low Carbon Australia Limited

Low Carbon Australia Limited
Level 8, 140 Ann Street
Brisbane, QLD 4000 Australia
ABN: 61 141 478 748

e info@lowcarbonaustralia.com.au
p GPO Box 284, Brisbane, QLD 4001
t +61 7 3188 1600
f +61 7 3188 1699

The Hon. Greg Hunt MP
Minister for the Environment
Parliament House
CANBERRA ACT 2600

ANNUAL REPORT FOR 2012-2013

23 October 2013

Dear Minister

I am pleased to present the Low Carbon Australia Limited Annual Report 2012-2013 as required by section 36 of the *Commonwealth Companies and Authorities Act 1997*.

As you will recall, I wrote to you on 8 October 2013 on behalf of the Company requesting an extension of deadline for this report from 15 October 2013 to 29 October 2013. By reply dated 14 October 2013 I received notice that you had granted this request, and the Board thanks you for this extension.

This report has been prepared according to the requirements of the *Corporations Act 2001*, the *Commonwealth Companies and Authorities Act 1997* and the *Commonwealth Companies (Annual Reporting) Orders 2011* for presentation to Parliament, and includes the following:

- Annual Financial Report
- Annual Directors' Report
- Auditor's Declaration of Independence & Auditor's Report
- Mandatory reports under:
    - *Environmental Protection and Biodiversity Conservation Act 1999*, section 516A
    - *Work Health and Safety Act 2011*, Schedule 2, Part 4, section 4
- Additional information required by the *Commonwealth Companies (Annual Reporting) Orders 2011*.

I commend the report to you for tabling in the Parliament.

Yours sincerely

Martijn Wilder AM
Chairman of the Board of Directors
Low Carbon Australia Limited

'Our mission is to accelerate the transition to a low carbon economy, and our role is to provide innovative finance to improve business energy productivity, save costs and reduce emissions.'

Meg McDonald, Chief Executive Officer, Low Carbon Australia

LOWCARBON AUSTRALIA

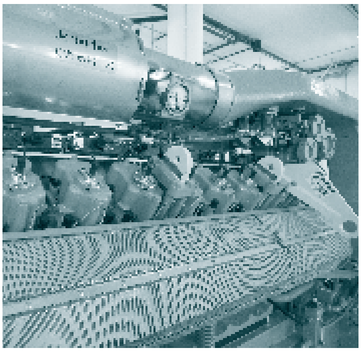
PART ONE

Report of Operations

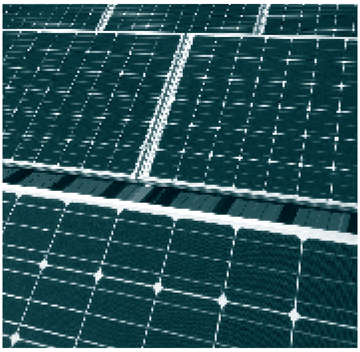
2012-13 Highlights

Low Carbon Australia's Energy Efficiency Program

$82.9m contracted = Over $312 million in new funding made available to the market for energy efficiency and emissions reduction



More than $2 of private sector investment for every $1 invested by Low Carbon Australia



Carbon savings achieved at negative net cost (i.e. positive return) of $-2.00 per tonne of emissions reduction

Total carbon emissions abatement of 320,000 tonnes per annum = 2.9 million tonnes CO_2e lifetime abatement

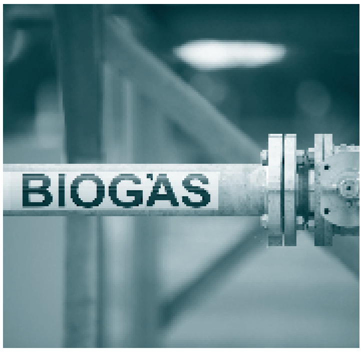
52 projects funded in total – 37 during 2012-13

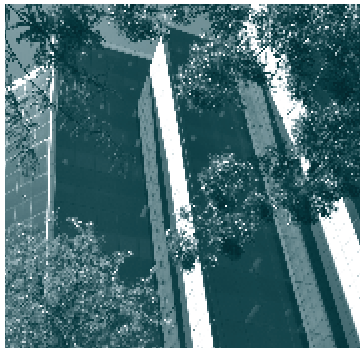
Two new co-finance offers:

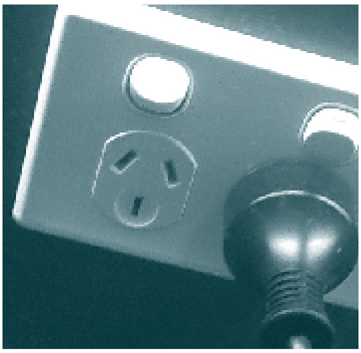
- Energy Efficient Loan with Commonwealth Bank
- Global Clean Energy Finance with Global Rental and Leasing

2012-13 Highlights
Low Carbon Australia's Carbon Neutral Program

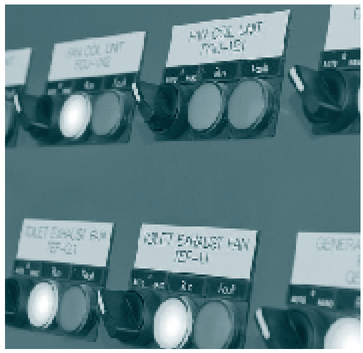
Ten new organisations certified as carbon neutral

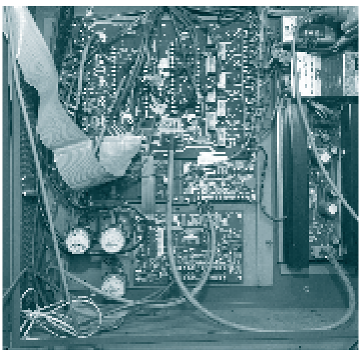






Three Victorian local governments and Zoos Victoria join





1.09 million tC02e avoided per annum

33 Carbon Neutral Program participants

Investments at a Glance

Kilcoy, QLD

Air compressor system and refrigeration upgrades improve efficiency performance and eliminate downtime at Kilcoy Pastoral Company meat processors and investment in waste-to-energy technology to generate electricity from biogas.

Beaudesert, QLD

Australia's largest renderer AJ Bush upgrades its biogas system to maximise the use of onsite biogas resources and avoid 23,000 tonnes of carbon emissions annually.

Dinmore, QLD

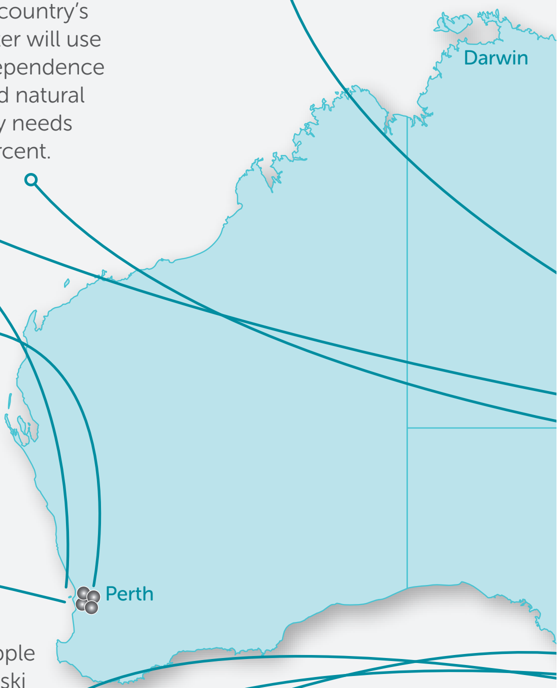
JBS Australia, the country's largest meat exporter will use biogas to reduce dependence on grid connected natural gas for its energy needs by over 48 percent.

Perth, WA

A stationery manufacturer uses Energy Smart Finance to install solar PV system to halve energy bills.

Cannington, WA

A supermarket uses Energy Smart Finance to upgrade lighting and install solar PV to reduce lighting energy usage by 65 per cent.



Jandakot, WA

Garden products supplier Richgro will use waste-to-energy technology to generate its power on-site.

Shepparton East, VIC

Major Goulburn Valley apple and pear supplier Radevski Coolstores upgrades its cool rooms to reduce its refrigeration energy use by about a quarter.

Adelaide, SA

Energy efficient lighting and occupancy sensors fitted to URS's Adelaide office cut lighting energy use by more than 40 per cent.

Maryvale, VIC

Australian Paper constructs a recycled paper plant which will reduce emissions and contribute around $110 million to the economy.

Warrnambool, VIC

Warrnambool City Council uses energy efficient residential street lighting to reduce lighting energy use by up to 68 per cent.

Laura, SA

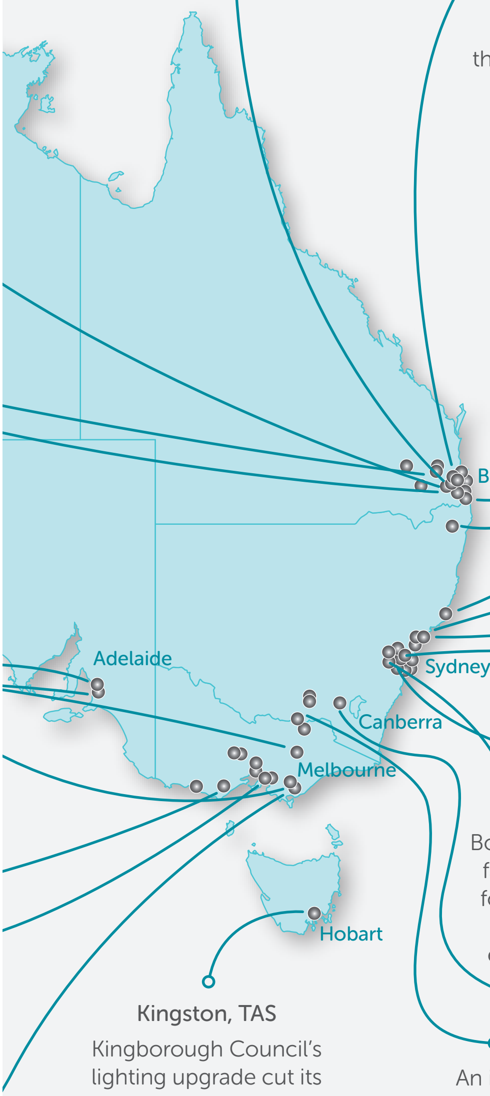
Ice cream manufacturer Golden North upgrades its refrigeration to reduce its energy use, expand its capacity and enable it to expand its reach into South-East Asian Markets.

Melbourne, VIC

Collins Street high-rise uses EUA financing to cut energy use by 30 per cent with energy efficient lighting, new cooling and building management systems.

Traralgon, VIC

NovaPower's low emissions gas-fired energy generator provides critical network support.



Milton, QLD

IGA store at Milton uses on-bill finance for LEDs to reduce its annual electricity bill by more than 22 per cent.

Brisbane, QLD

A CBD commercial office reduces its base building energy use by about 50 per cent through a high efficiency chiller, energy efficient lights and solar thermal air conditioning units.

Miami, QLD

Energy efficient lighting reduces lighting energy use by over 65 per cent for Burleigh Bears Rugby League Football Club.

Forster, NSW

Great Lakes Council is saving about 12 per cent on its electricity bills through lighting, water heating and insulation upgrades to its administration centre and local aquatic centre.

Casino, NSW

Richmond Valley Council replaced about 1,000 street lights, to reduce lighting energy costs by at least one third.

Sydney, NSW

Lighting upgrades at three hospital car parks reduce lighting energy costs by 30 per cent and also reduce ongoing maintenance costs.

Sydney, NSW

The Frasers 'Central Park' development uses EUA to finance a tri-generation plant for low-carbon thermal energy for residents and businesses in the precinct.

Parramatta, NSW

First EUA completed in NSW cuts building lighting energy use by 70 per cent.

Prospect, NSW

Boral Ltd's Greystanes House facility uses on-bill finance for energy efficient lighting and sensors to reduce energy costs by a quarter.

Moorebank, NSW

Joyce Foam Products uses on-bill finance for upgrade to halve lighting energy use at its manufacturing plant.

Kingston, TAS

Kingborough Council's lighting upgrade cut its civic centre lighting energy costs by 75 per cent.

Corowa, NSW

An industrial refrigeration upgrade helps Australia's largest pork producer Rivalea save around 10 per cent on its annual energy costs.

Tumut, NSW

Tumut Shire Council cuts grid electricity consumption by almost half through upgrades to its administration building air conditioning system, lighting and solar PV.

‘The Company has delivered on its purpose, catalysing investment in energy efficiency and delivering an estimated 2.9 million tonnes of lifetime emissions reduction.’

Martijn Wilder AM, Chairman, Low Carbon Australia

Chairman's Report

Martijn Wilder AM, Chairman of the Board of Directors of Low Carbon Australia

Low Carbon Australia Limited (Low Carbon Australia) was established in January 2010, for the public charitable purpose of preserving and enhancing Australia's natural environment by helping Australian business, government and households take action to increase energy efficiency and reduce carbon emissions.

The 2012-13 financial year marked Low Carbon Australia's third year of operations. The year saw successful completion of commitments of $82.9 million in projects through its $84.6 million investment fund for loans to Australian business, the government and community sectors for energy efficiency and greenhouse gas abatement. In doing so, it has been the Board's intention to leverage our limited funds to maximum market-making and demonstrational effect.

The Company has delivered on its purpose, catalysing investment in energy efficiency and delivering an estimated 2.9 million tonnes of lifetime emissions reduction.

The Company also achieved significant growth in the National Carbon Offset Standard Carbon Neutral Program ('NCOS CNP'), sufficient to enable it to achieve full cost recovery. At the same time, this program – with an annual budget of just $200,000 reached the milestone of almost 1.1 million tonnes of CO_2e emissions avoided.

The Company's experience over the last three years has demonstrated that in the financial sector as much as anywhere else, innovation takes time, trial, patience and perseverance.

That is why it was particularly pleasing, in just our third year of operations, to see the development work of the Company coming to fruition.

Our Investments

Low Carbon Australia has now successfully financed 52 projects around the nation, at a much lower administrative expense than was anticipated. As at 30 June 2013, $82.9 million in funds had been applied to investments. These investments have been remarkable in their diversity and their innovation.

Low Carbon Australia investments have successfully mobilised over $312 million in project investment from other sources (private and public), achieving a $2.79 leverage impact for each $1 Low Carbon Australia invested.

The Low Carbon Australia model has proven itself to be an effective vehicle for emissions abatement at low-cost to Government. Low Carbon Australia investments are responsible for over 320,000 tonnes of CO2-equivalent abatement annually, which has been generated at a negative cost (that is, a positive net financial benefit) of $2 per tonne.

Low Carbon Australia has also been able to demonstrate the potential for these savings across an impressive range of industry sectors. While originally tasked with focusing on mobilising energy efficiency investment in the buildings sector, the expansion of our Funding Deed with the then Department of Climate Change and Energy Efficiency allowed the Company to target a broader range of sectors and technologies.

The year saw extensive opportunities taken up by the manufacturing, intensive agriculture and agribusiness sectors. It is satisfying to know that our assistance will improve energy productivity and reduce costs in businesses from industries battling the impacts of rising energy costs and the high Australian dollar.

While the property sector has also faced challenging market circumstances, Low Carbon Australia managed to gain traction, including Australia's largest Environmental Upgrade Agreement (EUA) loan to date covering some $26.5 million for investment in a tri-generation system for Sydney's Central Park redevelopment (with Frasers Property Group and ANZ). Progress in EUA uptake has been slow but steady with Low Carbon Australia (at the time of writing) now having financed another three buildings for environmental upgrades under our NAB/EFM loans product.

Another pleasing note in relation to the property sector was the progressive uptake of Low Carbon Australia-supported financial product by small to medium-sized business and the growing range of vendors in energy efficiency and low emissions technologies joining Low Carbon Australia-supported financing programs.

Local government remained a focus of Low Carbon Australia financing activity, with the Company now having financed 10 projects on council premises. These projects have strong energy efficiency benefits in their own right as well as providing demonstration effect in their communities. In the Board's view there remains a market gap in financing local government, who tend to be relatively low risk borrowers, with debt generally secured against the rates revenue in most jurisdictions.

A further development was the addition of Global Clean Energy Finance offered by leasing company Global Renting & Leasing as a Low Carbon Australia-supported financial product. This is providing asset rental solutions to assist local government, business, and industry for energy efficiency and emissions reduction upgrades.

The Company also welcomed Australia's largest bank, Commonwealth Bank, as a co-financier to provide loans to Commonwealth Bank customers for approved eligible energy saving equipment upgrades and small scale renewables.

While Low Carbon Australia's funds were effectively fully applied, market demand for energy efficiency and small scale renewable finance remained strong and has not been satisfied. The Company has identified further investment-ready projects representing over $300 million of finance opportunity and total project financing of more than $600 million.

NCOS Carbon Neutral Program (NCOS CNP)

The NCOS Carbon Neutral Program continued to grow throughout the year with ten new organisations certified, expanding the program's network to 33 participants, for which 37 products, services or organisational certifications were achieved.

Pending the transfer of the Company's main business lines to the Clean Energy Finance Corporation (CEFC), Low Carbon Australia's administration of the NCOS CNP was terminated by agreement with the then Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) and that Department took responsibility for its administration from 1 June 2013.

Integration with the CEFC

With the advent of the CEFC, it has been clear that the Australian Government was unlikely to have two separate organisations dedicated to performing a lending-type function in the energy efficiency sector.

Discussions with the Government and the Low Carbon Australia and CEFC Boards led to announcement of the in-principle agreement to integrate all of Low Carbon Australia's programs, assets and staff (excepting the NCOS CNP) into the CEFC.

With the requisite due diligence and legal arrangements in place, the Board of Low Carbon Australia has been cooperatively implementing this integration. The Company's employees moved across to the CEFC from 17 April 2013, and responsibility for the NCOS program was transferred back to the Australian Government on 1 June 2013. The bulk of the Low Carbon Australia loan portfolio was transferred to the CEFC shortly after the end of the financial year.

Following this, under agreement, staff and resources have been made available which has resulted in a continued ability to manage Low Carbon Australia and its residual functions and assets. Going forward, the CEFC has legal responsibility to manage Low Carbon Australia's portfolio.

Farewells

During the year we bade farewell to our second Chair the Hon. Mike Rann CNZM who was appointed Australian High Commissioner to the United Kingdom. Mike was a great advocate of energy efficiency and the NCOS CNP throughout his tenure. We also said farewell to our Chief Operating Officer Cath Bremner, who moved on to a new career in the banking sector. On behalf of the Board I would like to publicly thank both Mike and Cath for their service and their contribution.

The Future

The year has been satisfying for our demonstrable successes. It has also been one of considerable change and transition for the organisation. Given the Company's achievements and its integration with CEFC, this is an appropriate time to reflect on the contributions which have made Low Carbon Australia the success it has turned out to be.

I want to warmly acknowledge and thank my fellow Directors for the dedication and breadth of experience they have brought to bear in our work. I want to pay particular tribute to Professor the Hon. Robert Hill AO, our inaugural Chairman, who worked tirelessly to shape the organisation, to give it strong vision and values and market presence.

I thank our Executive team of Meg McDonald and Andrew Powell and all of the former Low Carbon Australia staff for their commitment and dedication which has enabled them to achieve such outstanding results over this past year. This team has proven its strength in making a challenging transition and is continuing to make their significant impact in innovative carbon-reducing investments at scale.

In concluding, I would acknowledge the assistance received and interest in the work of Low Carbon Australia shown by our Ministers, Parliamentary Secretaries and Departmental officials. I would also like to thank all who helped make the integration into the CEFC as seamless as possible for the staff, our program partners and stakeholders.

On behalf of the Board and all at Low Carbon Australia, I would also like to acknowledge and thank our many stakeholders. This small organisation has generated much goodwill and enjoyed the support of many stakeholders across the community. We wish continuing future success to our co-finance partners, strategic alliance partners, co-investors and to all of the industry and government stakeholders who have worked supportively with, and alongside, Low Carbon Australia throughout.

At the time of writing, Low Carbon Australia remains a legal entity. After the reporting period, following the change of government after the election held on 7 September 2013, the Minister for the Environment, the Hon Greg Hunt MP directed the Company's Board to cease any winding up of the entity. The future role of the Company will be a matter for the Australian Government to determine.

Martin Wilder AM
Chair of the Board
Low Carbon Australia Limited

'It is fantastic to see the diversity of Australian businesses and industry sectors – from piggeries to high-tech manufacturers – now realising the benefits of their investment in energy efficiency and innovative renewable technologies such as bioenergy.'

Meg McDonald, Chief Executive Officer, Low Carbon Australia

Chief Executive Officer's Report

Meg McDonald, Chief Executive Officer of Low Carbon Australia

While at this time last year Low Carbon Australia was on target to meet its goals, over the past year the Company has shifted gear from realising gradual traction in the market to full roll-out and full commitment of its investment fund. I am proud to say we have achieved and in many aspects surpassed the targets established for our business.

A look at the performance section of this report tells the Low Carbon Australia story of an exponential increase in both loan making and drawdowns after two years of creating solid foundations and the building blocks for this success.

Our mission is to accelerate the transition to a low carbon economy, and our role is to provide innovative finance available to Australian business for upgrades to buildings and industrial equipment to improve energy productivity, save costs and reduce emissions. We have maintained a clear focus on this, sector by sector and project by project throughout our three years of operation.

With only a small fund and a large potential market, the Low Carbon Australia Board determined from the outset to operate commercially, to focus our limited funds so as to maximise our ability to promote financial innovation. The strategic approach to implement this had three facets:

- expanding the reach of our funds by supporting co-financing arrangements for products with well-established partners who have market presence and strong delivery capacity
- building a project pipeline to channel investment opportunities so our finance was taken up; and
- making direct loans selectively to project proponents where there was evidence that this would have strong demonstration value, thereby achieving market impact to encourage efficiency upgrades of buildings and equipment.

During the year, we strove to drive up the rate of drawdown, actively engaging with the market to increase the rate of uptake of finance and impact the rate at which loaned funds were deployed to projects.

At the start of the year, the business had 51 per cent of its funding uncommitted, 39 per cent committed to loans and just 4 per cent drawn down to project finance. By the end of calendar 2012 Low Carbon Australia had developed a project finance pipeline of opportunities which meant we were able to fully apply our available EEP investment funds.

Co-Finance Products

Low Carbon Australia began the year with several co-financed loan products:

- the Origin On-Bill Finance product
- the Environmental Upgrade Agreement loan product developed with NAB and EFM
- the Energy Smart Finance product offered by FlexiGroup; and
- Macquarie Bank's Energy Efficient Asset Financing Program.

During the year we also welcomed Global and the Commonwealth Bank as financiers, expanding our range of financial product offers and sectoral reach.

Developing and achieving market take-up of innovative finance for new technology requires courage and perseverance. International experience in developing energy efficiency financing has been similar to that experienced here in Australia, finding that establishing the financial product is just half of the equation. The key to successful financial innovation is in creating a market pull for a new and possibly unfamiliar product and utilising effective channels to inform and engage with often disaggregated target markets.

Businesses can often be reluctant to take on debt at the best of times. Achieving uptake in borrowing for what is often seen as the 'non-core' business of energy efficiency in the subdued investment conditions over the past financial year has made it a tough sell. This has been especially daunting as many sectors we were targeting experienced tough trading conditions. In addition, the pace of change of new technologies can often act as a decision inhibitor, as firms await evidence of results from earlier adopters in the market place. There is also a tendency to await expected price reductions as new products (like LEDs or solar PV for instance) achieve scale production at global volume.

However, several factors combined to improve the rate of take up of Low Carbon Australia's co-financed loan products in the market over the reporting period:

- the impact of rising energy prices and the carbon pricing package gave impetus to the drive for high-energy use businesses such as manufacturing and intensive agribusiness to take charge of rising costs by acting on energy efficiency and carbon abatement
- several Australian Government grant programs, most notably AusIndustry's Clean Technology grants, served to further stimulate demand for project finance (and in many instances made the project financeable from a lender perspective)
- the continued expansion of EUA availability in local government jurisdictions in NSW increased familiarity and served to grow the geographic area where this finance type could be offered; and
- refinement and in some cases re-positioning of our original finance offerings to better meet the market requirements began to bear results as the year progressed.

By 30 June 2013, some 24 projects had been financed through co-financed products with a promising pipeline of future opportunities showing there is more to come. Lease finance for major energy efficiency equipment still faces challenges in gaining wide market acceptance, suggesting that more time and focus will be needed before we see significant uptake in this area.

Building a project pipeline and selectively lending to demonstration projects

Low Carbon Australia's collaboration agreements with strategic alliance partners has assisted in locating and directing opportunities for project finance. These relationships have been productive both in terms of take-up of the range of Low Carbon Australia supported co-finance and through tailored direct loans.

Another continued focus was our outreach to business, including through industry associations and peak sectoral groups to communicate both the benefits of energy efficiency investment and the availability of our finance targeted towards such projects. Our engagement with AusIndustry, the AiGroup, the Property Council of Australia, the Green Building Council of Australia, the Australian Meat Processor Corporation, the Refrigerated Warehouse and Transport

Association of Australia, the Australian Refrigeration Association, the Australian Foundry Institute and the various Local Government Associations was particularly successful and I want to acknowledge their assistance.

The result was a solid uptake of Low Carbon Australia finance amongst agribusiness, allied industry, manufacturers and local government. Building these relationships and working with these industries and the property sector has been genuinely productive, delivering projects with significant benefits for the businesses involved and substantial emissions reductions which benefit us all. We welcome this deep engagement, which has been truly satisfying for all of us at Low Carbon Australia.

Three of our largest projects announced during the year demonstrated the key role the Company has been able to play in enabling energy efficiency investment by the private sector:

- Low Carbon Australia provided finance of $9.9 million for Australian Paper's $90 million de-inking recycled paper plant in Maryvale in the Latrobe Valley. This plant is due to commence operations in 2014 and will increase the competitiveness of the business while reducing its carbon emissions.
- Low Carbon Australia provided finance of $10 million of a $26.5 million deal for a tri-generation plant installed at the ground-breaking residential and commercial Central Park development in Sydney's inner west. This EUA, financed with ANZ, was the first to be approved by the City of Sydney; and
- Low Carbon Australia provided $2.2 million finance towards a $4 million project to build a 1MW anaerobic digestion plant at major Australian garden products supplier Richgro at its Jandakot WA site. This project will allow Richgro to meet all its power needs, by recycling organic waste. There is significant potential for this kind of technology to reduce the grid electricity requirements of Australian food producers and manufacturers, while reducing their waste output.

NCOS Carbon Neutral Program

The year was also a success for the NCOS Carbon Neutral Program with certification of 10 new organisations in the 11 months to 31 May 2013 when Low Carbon Australia ceased administering the program.

The NCOS Carbon Neutral Program allows Australian business to voluntarily offset the carbon emissions associated with whole or part of their organisation, a product or service.

Participants choose to do this because of the reputational, marketing and staff morale advantages that 'going carbon neutral' can provide. Low Carbon Australia increased promotion of the program to build its profile.

During the year we worked with Program network members to communicate the goodwill and business benefits being generated by participation in the Carbon Neutral Program. This in turn provides a demonstration effect, encouraging wider participation by a more diverse set of entities across the nation.

Administration of the Carbon Neutral Program has now reverted to the Australian Government via the Department of Environment. I'd like to thank Paul Watt and Alex Stathakis, our NCOS Carbon Neutral Program team, for their exceptional service to our Carbon Neutral Network members. We all wish them every success in their new roles.

Vote of Thanks

I would like to thank our Ministers and Parliamentary Secretaries during and since the reporting period for their interest in and support of the work of Low Carbon

Australia. I also thank officials from the former Department of Climate Change and Energy Efficiency for their assistance and facilitation throughout the year.

I extend deep gratitude and acknowledgement of the supportive roles played by our Chair, Martijn Wilder AM and the whole Board for their support, wisdom and guidance during this transition. I particularly thank our CFO and Company Secretary Andrew Powell for his dedication and steadfast support. He has been a rock for the Board and for me over this past year.

My sincere and special thanks go to the Low Carbon Australia staff, many of whom faced a double workload in servicing both Low Carbon Australia and the CEFC during the period from December to the CEFC's operational stand up on 17 April. An outstanding effort from the team ensured that Low Carbon Australia's Energy Efficiency Fund was more or less fully applied by this time, all the while helping the CEFC to roll out the robust systems and processes required to establish the Corporation.

Reflections

As at 30 June 2013, all Low Carbon Australia staff had either terminated or transferred to the CEFC, the Head Funding Deed with the former Department of Climate Change and Energy Efficiency had terminated and the Low Carbon Australia loan book was in process of being transferred across to the new entity.

Looking back on three years, everyone involved is rightly proud of what we have achieved. Our founding Chair, the Hon. Robert Hill AC often described Low Carbon Australia as an 'innovative experiment'. And indeed, we were originally conceived as a policy innovation, with an ambitious mission and some very specific performance targets established under our original Funding Deed. Our impact and performance has far surpassed the relatively small size of both our fund and our organisation, while coming in well under budget.

Low Carbon Australia's work has been recognised internationally, comparing favourably with other much larger-scale publicly funded 'green' financial institutions for our innovation and breadth of approaches to financing energy efficiency.

Certainly, Low Carbon Australia has acted as a 'pilot' for the CEFC, allowing some of the co-financed financial products we created to be capitalised to scale as they achieve market uptake. It is fantastic to see the diversity of Australian businesses and industry sectors – from piggeries to high-tech manufacturers – now realising the benefits of their investment in energy efficiency and innovative renewable technologies such as bioenergy.

Throughout, we have been able to achieve so much through the support and full engagement of the Low Carbon Australia Board of Directors and our highly skilled and motivated staff. The whole Low Carbon Australia 'team' can honestly say that it has been highly satisfying to have been on this journey, and that together we made a real difference.

Meg McDonald
Chief Executive Officer

‘What we now have, is a building that has improved its value and uses significantly less energy than before, making it more attractive to tenants as well as underpinning its long-term value’.

Justin Goddard, Managing Director, Trident Corporation (owners of upgraded Limestone St Centre, Ipswich)

Performance 2012-13: Energy Efficiency Program (EEP)

Overview

The 2012-13 financial year was one of significant growth and transformation for Low Carbon Australia.

The Company began the year on track to fully execute its Energy Efficiency Program, and at the end of the period, our energy efficiency and greenhouse gas abatement investment funds had $82.9 million contracted. In total, this has generated more than $312 million in new funding for energy efficiency in the marketplace.

Funding Arrangements & Origins

Low Carbon Australia was established by the Australian Government in 2010 as the 'Australian Carbon Trust Limited'. The Company was financed by the Australian Government, originally by way of a Funding Deed signed with the then Department of Climate Change and Energy Efficiency ('the Department'). The Energy Efficiency Fund was established under the Funding Deed as an $84.6 million program to invest in Energy Efficiency through building upgrades.

The Fund commenced operations on 1 July 2010, conducted a public Expressions of Interest process shortly thereafter and announced its first deals in November 2010. In April 2011, the Company changed its name to Low Carbon Australia Limited.

In October 2011, in response to market needs, we secured an amendment to the Funding Deed agreement with the Department to widen the scope of projects and technologies in which Low Carbon Australia could invest to encompass greenhouse gas abatement, for example, through small scale renewables and applications such as solar PV and biogas.

The Company continued to make investments during the 2011-12 and 2012-13 financial years and by close of the current year had fully applied the Fund. Under the terms of the Funding Deed, unexpended administrative funding was applied to investments.

There were no appropriations pertaining to Low Carbon Australia during the reporting period.

2012-13 in Summary

Previously focused on energy efficiency in the buildings sector, Low Carbon Australia broadened its investment approach over 2012-13, following changes to the Funding Deed with the Department which clarified that the Company could invest in projects that deliver greenhouse gas (GHG) abatement below the target cost of carbon ($23/tCO2e) as well as, or instead of, energy efficiency.

This change, along with confirmation that Low Carbon Australia could finance projects where the project costs were being met through a government grant, enabled Low Carbon Australia to extend its experience in financing for retrofitting commercial properties with energy efficient technologies to accelerating technology uptake in the industry and manufacturing sectors.

Against a backdrop of continuing increased energy price rises, uncertainty in global financial markets, a historically high Australian dollar and uncertainty over government policy direction, Low Carbon Australia's Energy Efficiency Program has offered commercial property, manufacturers, food processors, local governments, and retailers ways of harnessing changes that boost energy productivity and help future-proof operations.

Low Carbon Australia developed new relationships with private sector investors and leading specialists to further extend its ability to support Australian businesses. It announced new co-finance partnerships with Australia's largest bank, the Commonwealth Bank, and leasing specialist Global Rental & Leasing and increased the number of experienced consultants and engineering firms working with Low Carbon Australia through its strategic alliance program.

By partnering with recipients of funding through the Australian Government's Clean Technology Investment Program it further catalysed upgrades in the manufacturing and food processing sector.

Low Carbon Australia was instrumental in fast tracking the implementation of technologies including biogas plants, low-emissions generators, distributed energy generation and solar PV as well as the energy efficiency equipment it has previously supported including lighting, refrigeration, HVAC, process upgrades, cogeneration and tri-generation plant installations.

The 12 months to 30 June 2013 were characterised by rapidly accelerating take up of Low Carbon Australia's finance offerings, demonstrating a strong industry awareness of the Low Carbon Australia brand and a clear appetite among Australian businesses and government organisations for energy efficiency finance. By the end of the financial year, Low Carbon Australia had financed 52 projects in total while developing future investment opportunities.

Project investments resulted in an estimated total carbon emissions abatement of over 320,000 tonnes per annum which also equates to total of some 2.9 million tonnes of carbon abated over the lifetime of the projects.

Table 1: EEP Key Performance Indicators (KPI)

KPI	Measure Used	2012-13 Outcome
Deliver cost-effective carbon savings	Net cost per tonne of CO_2e abatement to be below $23/tonne	Cost of **negative $2** per tonne to Low Carbon Australia (i.e. investment delivers a positive return) including government cost of funds
Leverage private investment	Leverage at least $1 of non-Low Carbon Australia funding for each $1 of Low Carbon Australia investment	**$2.79** attracted for each $1 of Low Carbon Australia investment, of which **$2** is private sector investment
Be 'additional' to business-as-usual	Project would not have happened in the absence of our intervention, OR Would have happened more slowly or on smaller scale	100% of projects meet this measure
Minimise delivery risk	Only invest in commercially-available technology	By focusing on commercially available technologies and established partners, 100% of projects meet this measure
Catalyse future activities	Investments must provide strong demonstration value Pilot projects must be scalable, replicable, adaptable	Qualitative assessment by the Board specified all investments met this measure
Contribute to Low Carbon Australia's financial sustainability	Investment must deliver appropriate risk-adjusted rates of return while demonstratively stimulating new investment in energy savings and low carbon outcomes, thereby contributing towards achieving financial sustainability	100% of investments exceed cost of funds and produce a positive return on capital

While generation is not a primary focus of Low Carbon Australia activity, in addition to these results some 33MW of emissions-reducing generation was installed for use in buildings and industry (i.e. generator nameplate capacity).

By the end of the financial year, the fund had been fully applied, and shortly thereafter the bulk of Low Carbon Australia's investment portfolio had been integrated into the new $10 billion Clean Energy Finance Corporation. A pipeline of investment opportunities and a dynamic staff with a broad range of industry skills transferred to the CEFC.

EEP Strategic Objectives

Through its Energy Efficiency Program operations, Low Carbon Australia achieved strategic objectives and outcomes set by the Australian Government for investment into the non-residential building sector and industry:

- successfully co-investing with the private sector to demonstrate a pathway to overcome market failures
- acting as a catalyst for cost-effective carbon reduction for the broader market
- pursuing its own longer-term financial sustainability; and
- proving itself as a complementary measure to the Australian Government's climate change policy.

The Company has built a high quality specialist team with diverse investment, financing, property, industry and engineering skills and extensive experience demonstrated across all aspects of energy efficiency financing, and carbon abatement.

Low Carbon Australia has established itself as a centre of expertise in energy efficiency and low carbon financing to serve the strategic and financing needs across all industries. This increased our ability to deliver relevant solutions to our clients, investors and stakeholders to further their competitiveness in the move to a low carbon economy.

Our financial solutions are tailored to meet individual business and project needs and we offer strategies for all businesses seeking to operate in a carbon constrained world.

We have strong capability in developing new capital structures for new investment into energy efficiency with new financing partners, while continuing to grow and enhance our existing financing products. We are equipment and vendor agnostic, so long as the technology is proven commercially and cost effective it meets our funding criteria.

Transparency, accountability, and prudent risk management underpin the Company's approach and operations.

The Australian Government's requirement for Low Carbon Australia to work towards financial stability is built into its investment guidelines: to achieve the best available financial return to Low Carbon Australia when making investment and resource allocation decisions, while still encouraging projects to proceed more quickly than business as usual.

Investment Approach

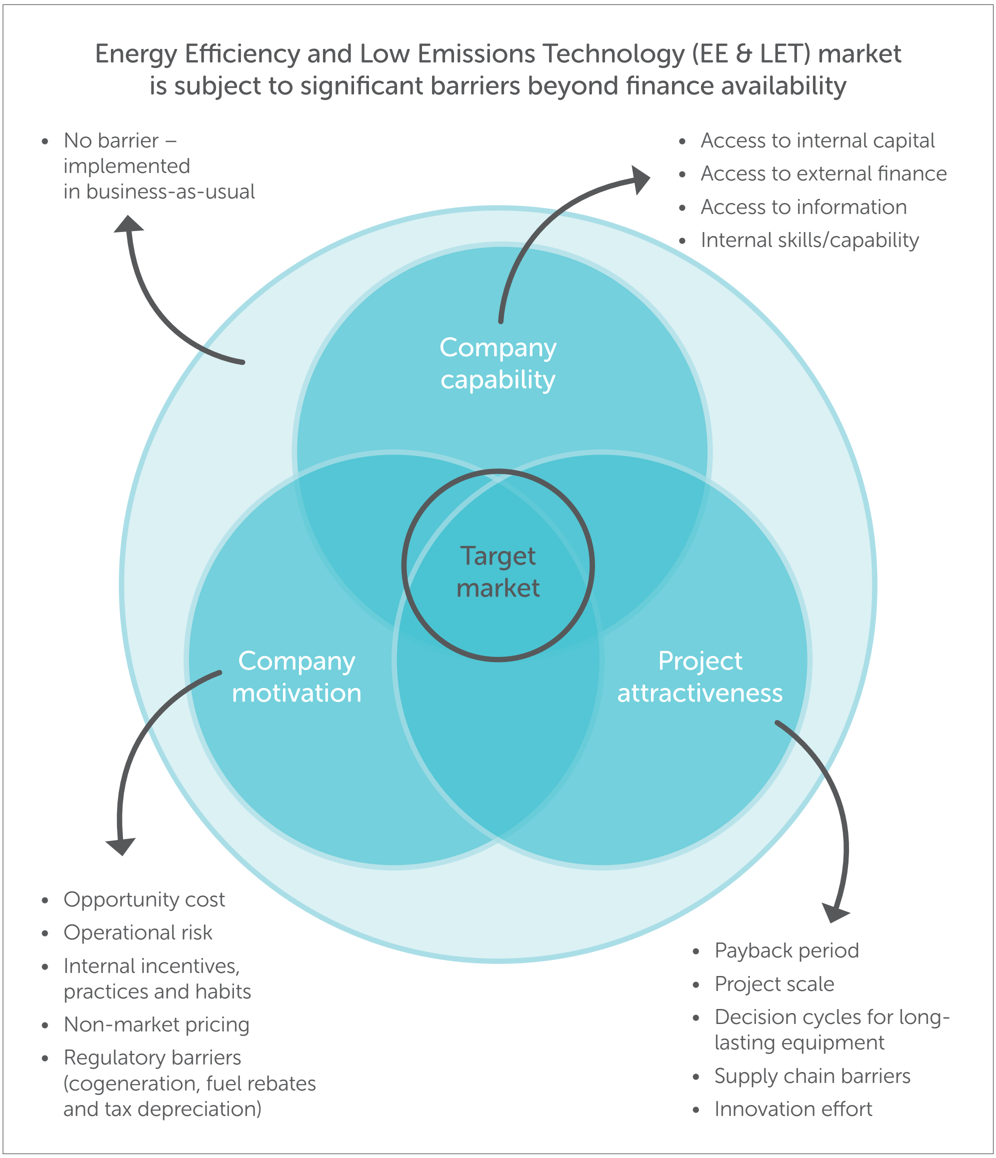
Low Carbon Australia's focus for investment has centred on achieving the most cost-effective path towards a low carbon economy.

An increasing share of business effort is already being directed towards energy efficiency improvement, with the biggest drivers for action being concerns about energy prices and the desire to maintain or enhance profit margins. The Australian Industry Group's (AiG) July 2012 report *Energy Shock: pressure mounts for efficiency action,* found most businesses were looking for quick wins, only considering a project when the expected payback period was less than three years.

Restricted access to upfront finance and limited access to suitable information about available technologies have been shown to be very real impediments to the achievement of energy productivity and costs savings deliverable through investment in energy efficiency.

Low Carbon Australia is a government investor with limited funds tasked with addressing these issues, while delivering on a financial and carbon reduction or energy efficiency outcome. Previous market testing performed in 2011-12 identified that, even after eligibility assessments were taken into account, Low Carbon Australia could not possibly meet the requested demand for investment funds in this area. In response the EEP team developed

Figure 1: Low Carbon Australia approach to investing, showing lead indicators sought in EEP assessments



an assessment methodology that judged a given proponent's state of readiness to move in addition to the merits of a given project or finance proposal itself. A demonstration of the understanding behind this approach and the indicators used is outlined at Figure 1 on page 27.

Under the Energy Efficiency Program, Low Carbon Australia has worked alongside existing market financiers, utilities, local government and other sector organisations to leverage private sector investment for energy efficiency and carbon reduction projects. The Company has successfully managed to achieve positive business relationships. This goodwill – developed over the past three years of operation – has been an unanticipated, but significant asset to government. Business has repeatedly expressed its attraction for doing business with Low Carbon Australia, particularly its commercial and transparent financing criteria and priorities. The businesses with whom Low Carbon Australia has invested have embraced the commercial approach to financing that supports the Company's public objectives.

The repayments of Low Carbon Australia's finance are recycled back into a revolving loan fund. An independent Board determines investment eligibility following clear criteria based on the strict outcomes stipulated by the Australian Government for the program.

Partnering with existing market financiers allows 100 per cent of a project's total value to be financed and enables direct loans to individual businesses for a portion of a specific project as either corporate finance or project finance.

Key to Low Carbon Australia's financing solutions is an understanding that financial hurdles and preferred financial structures differ significantly between industries.

Low Carbon Australia, through its finance and industry partnerships, has worked to address those differences by providing flexible finance to meet business and industry requirements while ensuring that finance is offered on 'least generous terms' to strengthen its ability to provide on-going market support.

Over the 12 months, interest from prospective co-financiers has continued to build, but it has been important for Low Carbon Australia to filter this interest to ensure real, investment-ready partnerships and projects have the opportunity to flourish while meeting gaps in the market.

Low Carbon Australia has established relationships with proven, experienced partners in the market with proven delivery capability, a developed pipeline of projects and a willingness and capacity to innovate.

Because Low Carbon Australia has created demand-aggregating relationships with banks, utilities and financiers with large customer reach, our finance has a much broader reach than Low Carbon Australia alone could provide to assist the financing of projects from as small as $3,000 to multi-million dollar installations.

Projects for direct loans to address market failures have been assessed on a case-by-case basis so that investments selected prove a strong business case, while acting as demonstrations of how finance can be used to catalyse investment in energy efficient technologies.

Low Carbon Australia's financial modelling and assessment capability utilises a detailed cost of carbon abatement methodology where energy and carbon savings are estimated over the operational life of a project.

Flexible finance offered through Low Carbon Australia has been characterised by the following features:

- Term length – can extend longer than traditional bank loans of three to five years up to 10+ years
- Interest rate – competitive with commercial rates but providing longer fixed-rate terms
- Repayment schedule – matched to forecast energy savings profiles and can include periods of deferred payments or capitalised interest during project implementation where appropriate
- Finance nature – overcoming split incentives faced both in the property sector and by local governments upgrading street lighting
- Finance type – flexible finance offerings are aimed at de-risking investments and leveraging Low Carbon Australia's funding and include co-finance loans, leases, and Environmental Upgrade Agreements
- Technology scope – includes all commercially available energy efficiency and carbon reduction technologies; and
- Sector eligibility – all non-residential buildings and industrial processes are eligible.

2012-13 in Review

The first half of 2012-13 was one of acceleration for Low Carbon Australia as the groundwork performed over the previous two years to establish programs reaped results.

Low Carbon Australia's partnership with FlexiGroup to establish the Energy Smart Finance product in the last quarter of 2011-12 attracted new accredited vendors whose networks helped spread the finance offered through their customer base nationwide, with a focus on New South Wales.

As market awareness grew, further projects seeking on-bill finance through Origin came online with Low Carbon Australia. While the majority of these were for energy efficient lighting installations, HVAC and air-compression were also financed through the on-bill product.

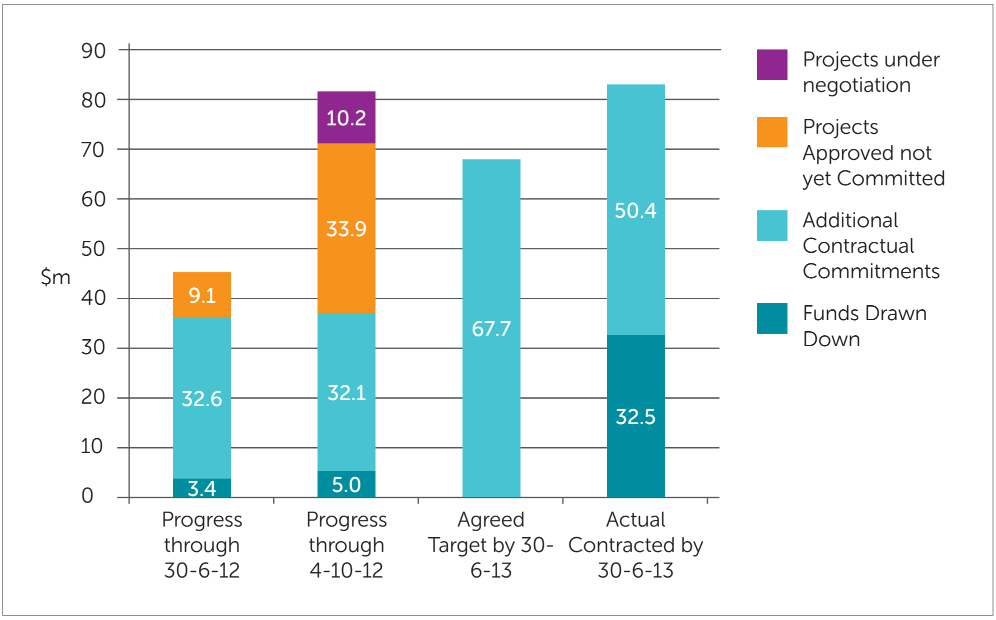
Low Carbon Australia's strategic alliance partners with skills in commercial building improvements, refrigeration, process upgrades for manufacturing and industry, and anaerobic digester installations provided a pipeline of projects for finance. These projects often tied together proponent equity, government funding initiatives, Low Carbon Australia finance, co-finance with leading financial institutions, and the sector knowledge of strategic alliance partners to create solutions that transformed energy productivity for project proponents.

Commitment of Funds

The Low Carbon Australia Board was conscious of the need not just to create innovative financial products for energy efficiency and greenhouse gas abatement, but to ensure these actually generated new projects. During the year ending 30 June some $36.3 million of Low Carbon Australia's finance was drawn down by 36 projects. That drawdown built on the sound growth trajectory of the previous reporting period.

Low Carbon Australia's Energy Efficiency Program, at 30 June 2013, had contractually committed $82.9 million to generate more than $312 million in new funding for energy efficiency in the marketplace.

Figure 2: Profile of Low Carbon Australia's investment allocation



Co-Finance Products

Through jointly developing co-funded financial products such as loans and leases, Low Carbon Australia has been able to leverage its partners' private sector finance and customer reach to raise awareness of its finance offers and generate a flow of new financing for energy efficiency in the marketplace that is substantially larger than its own investment fund.

These significant investment partnerships have extended to include National Australia Bank, ANZ & Eureka Funds Management, Origin, Macquarie Bank, Commonwealth Bank, FlexiGroup, and Global Rental & Leasing. These co-finance partnerships each serve to market the jointly-developed financial product, made available with the support of Low Carbon Australia finance. Broadly speaking, these products fall into four categories.

1. **Environmental Upgrade Agreements** (EUAs), are a type of agreement enabled by state government legislation and local government regulation which tie finance to a commercial property rather than to its owner and which enable payments to be made through council rate notices. They have now been available in certain local government jurisdictions since 2011 and at the present time these are all located in either NSW or in Victoria (City of Melbourne only).

   Through EUA finance, Low Carbon Australia has catalysed energy efficiency upgrades for commercial buildings that ultimately enhance the overall value of properties and position them well in a competitive market by increasing their attractiveness to tenants, and help 'future proof' them against rising energy costs.

   Before EUAs – which involve an agreement between the property owner, finance providers and a local council – finding the right finance often proved difficult. The EUA structure has been designed to allow for longer payback periods, which improves the attractiveness of undertaking building retrofits.

While EUA finance has been used for energy efficient technologies including upgrades to air conditioning systems, building management systems and lighting, it also provides opportunity for enhanced return on larger projects such as those involving onsite power generation (for example see the Central Park case study on page 48) and related technologies.

State legislation in Victoria and New South Wales enables EUAs to be currently utilised through City of Melbourne, City of Sydney, North Sydney, Parramatta, Lake Macquarie and Newcastle City councils. Low Carbon Australia has worked with ANZ, NAB and Eureka Funds Management to make funds available for EUA projects in these local government areas.

The rollout of EUA finance in New South Wales has been marked by information sessions to commercial property investors in Parramatta, North Sydney and Lake Macquarie, providing interested local businesses the opportunity to explore the advantages of accessing finance through the program.

During the year, Low Carbon Australia EUA finance was accessed to:

- Upgrade lighting at an A-Grade high-rise in Parramatta, NSW, tenanted by the NSW State Property Authority. The 10 Valentine Avenue offices replaced old lights with e1 lighting and LED lighting and the collective operating savings gained through maintenance and reduced electricity use will be effectively shared between the building owner and the tenant. Savings on lighting bills were around 70 per cent following the upgrade.
- Install a two-megawatt tri-generation plant to provide low emissions thermal energy, heating and cooling to a major new residential and commercial development at Central Park at Broadway in Sydney's inner-west. The plant is expected to reduce greenhouse gas emissions by 190,000 tonnes over its 25-year design life. Additional emission reductions of 76 tonnes will be saved by using absorption chillers instead of electric chillers which use refrigerants that leak.

Uptake of EUA finance is expected to grow as additional councils join the scheme.

The provision of EUAs is in planning for Penrith and Wollongong, while the Government of South Australia is working with key stakeholders to develop the business case for establishing Environmental Upgrade Agreements. The Brisbane City Master Plan 2013 has also proposed investigation of the use of EUAs in Australia's most populated local government jurisdiction to achieve energy efficiency upgrades of Brisbane CBD's existing building stock.

North Sydney Mayor, Jilly Gibson and General Manager, Penny Holloway with Meg McDonald, CEO at North Sydney EUA launch

2. **On-bill finance,** offered through Low Carbon Australia's co-finance partnership with energy utility Origin, has demonstrated its ability to turn initiative into action. The hire-purchase style finance, which covers the upfront cost of energy efficient projects, differs from regular hire purchase in that the equipment being financed usually provides energy (and dollar) savings which can wholly or partially offset the cost of paying the finance back through regular energy utility bills.

   At the end of the repayment period, the customer owns the equipment and continues to benefit from its lower energy-use benefits.

   Retailers and manufacturers have accessed finance through the program to upgrade their lighting, while commercial property owners have used it to upgrade their chiller systems and not-for-profit sporting groups have also found it an effective way of helping reduce their lighting bills.

   Since the Funding Deed was amended, the on-bill finance product has been available to manufacturers for equipment upgrades as well as building owners. This has sparked greater interest in this form of finance and the year's energy productivity gains through on-bill finance included:

   - A $245,000 upgrade to Kilcoy Pastoral Company's air compressor system which is helping the South-East Queensland beef exporter make related energy savings of more than 40 per cent. The upgrade substantially boosts performance of the air compressor system while improving equipment life span and eliminating production down time. Maintenance costs are reduced by 30 per cent and carbon emissions reduced by about 700,000 kilograms annually.
   - A $660,000 lighting upgrade to Boral Ltd's Greystanes House shared service facility at Prospect in western Sydney, which cut energy costs by more than a quarter.
   - A $138,000 lighting upgrade for the 40 year-old foam manufacturing plant of Sydney's Joyce Foam Products reduced lighting bills by more than 50 per cent.
   - A $25,600 lighting upgrade for suburban grocery store IGA Milton, in Brisbane's inner west. The project was cash-flow positive from day one and reduced the store's annual electricity bill by more than 22 per cent.

3. **Lease Products, comprising:**

- **Energy Smart Finance,** which was pioneered by Low Carbon Australia and the FlexiCommercial arm of diversified financial services provider FlexiGroup. Energy Smart Finance has built a strong presence since its announcement in March 2012.

  Energy Smart Finance accelerates investment in energy efficiency by providing bundled leasing finance and technology solutions that can be structured so energy cost savings cover payments.

  Energy Smart Finance has over $2 million of projects in its pipeline and has financed projects like a $22,700 lighting upgrade for a sporting club and a $795,000 solar project.

  In the past year, Energy Smart Finance has attracted a national network of accredited vendors who are stimulating the adoption of energy efficiency technology and solar PV in Queensland, Western Australia and South Australia.

While created to support the SME market, the finance offer has also attracted interest from churches, bowling clubs, finance sector clients, retailers and food manufacturers.

Table 2: Energy Smart Finance vendors and technologies offered

Company name	Technology offered
Screentech Pty Ltd	Commercial LED lighting solutions
City to Surf Solar	Grid-connected and stand-alone solar power design and installation and lighting solutions
Ilum-a-Lite	A range of commercial energy efficient lighting solutions
Balltech	Cleaning processes for heating, ventilation and cooling systems
OzWide Group	Energy efficient lighting solutions
Mojarra	Monitoring, controlling and optimising the performance of energy systems
Eco Power Savers	Power saving solutions for commercial customers
Carbon and Energy Reductions Pty Ltd	Energy efficient lighting for commercial customers
Carbon Footie Pty Ltd	Solar
Termico Solar	Solar

Success stories to date include:

- A supermarket retailer in WA which used the vendor expertise of Screentech & Termico Solar to carry out a $140,000 solar installation and lighting upgrade, which reduced its lighting energy usage by 65 per cent
- A Perth-based manufacturer which has used Energy Smart Finance to halve its energy bills by harnessing the expertise of vendor Carbon Footie Pty Ltd to install a $31,700 solar PV system; and
- The Gold Coast's Burleigh Bears Rugby League Football Club which undertook a lighting upgrade which reduced lighting energy use in dining, conference and other facilities by over 65 per cent through Energy Smart Finance vendor Carbon & Energy Reductions (C&ER) Pty Ltd.

Looking ahead, the CEFC will take on Low Carbon Australia's role in the partnership so that Energy Smart Finance can continue to offer support for the SME market.

- **Global Rental & Leasing**. In December 2012, Low Carbon Australia and Global announced an agreement to co-fund asset rental solutions for mid-market enterprises under the banner Global Clean Energy Finance.

  The finance is designed to assist business, industry and local government seeking to reduce their energy costs through the use of energy efficient equipment but where capital expenditure is restricted.

  Global Clean Energy Finance provides greater flexibility for clients because they pay for the use of the equipment over a fixed term and can return the equipment at the end of the term if they have no further use for it. Alternatively, clients can purchase the equipment outright, or they can upgrade to newer equipment at any time and change the terms of their agreement.

- **Macquarie Bank**. Low Carbon Australia's co-financing partnership with Macquarie Bank offered customised leasing finance through Macquarie's Energy Efficient Asset Financing Program. The leasing finance, designed to fund capital upgrades of energy efficient equipment in eligible commercial and public sector organisations, offered financing for cogeneration, tri-generation, Solar PV, energy efficient lighting and HVAC.

The range of financial solutions offered through the partnership included operating leases, lease rentals, finance leases, deferred payment options, and other flexible options.

4. Co-Finance with Commonwealth Bank (Master Risk Participation Agreement)

Low Carbon Australia and the Commonwealth Bank announced a ground breaking agreement in March, 2013, to finance Australian manufacturers and businesses to reduce their energy costs.

The leading-edge funding relationship is aimed at helping the manufacturing sector take immediate advantage of energy cost savings by investing in new equipment.

By jointly funding projects on a project-by-project basis, Low Carbon Australia and the Commonwealth Bank were able to tailor finance for upgrades and installation of state-of-the-art cost efficient, energy saving assets.

The relationship yielded early results with two funded projects announced:

- A $1.15 million refrigeration upgrade for the cool rooms of family-owned and operated business Radevski Coolstores, based at Shepparton East, Victoria. A major Goulburn Valley supplier of apples and pears to Coles supermarkets, Radevski expects to reduce its refrigeration energy bills and carbon emissions by 24 per cent, by upgrading to an ammonia based refrigeration system for its 16 cool stores. The project also received an Australian Government grant through the Clean Technology Food and Foundries Investment Program.
- Three new high efficiency, productivity boosting printing presses installed at Australasia's leading supplier of innovative label solutions, the Labelmakers Group. The new energy efficient presses operate at twice the speed while allowing a broader range of higher-quality printed products to be manufactured. They require half the energy to print the same number of labels as the old presses and their technology reduces set up and start up times to enable quicker job turnarounds.

The early success of Commonwealth Bank co-financing partnership is being continued through Low Carbon Australia's integration into the CEFC.

Strategic Alliance Partners

The Strategic Alliance Partners strategy, developed on a non-exclusive and non-financial basis, is designed to have experienced consultants and engineering firms identify and direct new project opportunities to Low Carbon Australia and its co-finance products. This streamlined approach helps end-use customers overcome perceptions of risk related to investing in energy efficient technologies. It is of mutual benefit to:

- Low Carbon Australia, because it channels project opportunities to the Company for consideration
- the Strategic Alliance Partner, who is aware of the project opportunity but whose client requires finance
- our co-finance partners, who can benefit from take up of their Low Carbon Australia -supported product; and
- the project owner – who will get the project completed due to the bringing together of all of the above.

Low Carbon Australia's Strategic Alliance Partner strategy has catalysed investment opportunities in the manufacturing and food production sectors, enabling businesses to take advantage of Low Carbon Australia's upfront finance offerings while benefiting from the experience of industry consultants with a strong track record.

During the year, Low Carbon Australia announced new strategic alliances with:

- Adelaide-based specialist business and engineering consultants 2xE
- Biogas based renewable energy company Quantum Power; and
- Engineering and construction company Wiley.

These alliances, with existing alliance partners Rudds Consulting Engineers and MINUS40, catalysed investment projects including:

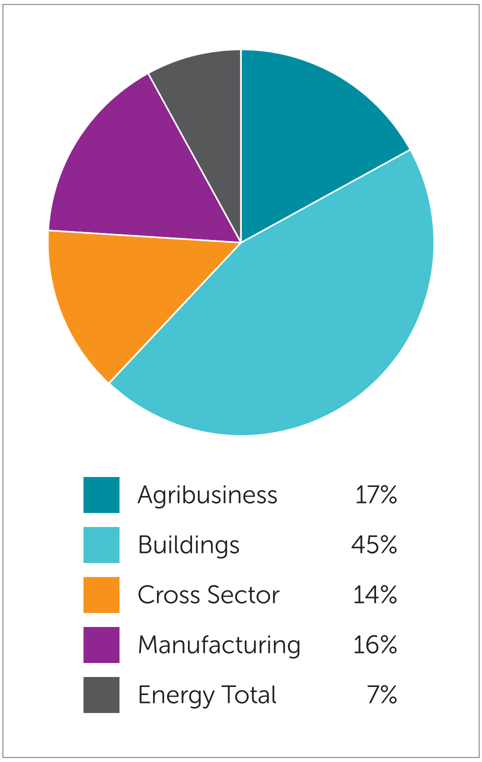
- a refrigeration upgrade for South Australian ice cream manufacturer Golden North
- a refrigeration upgrade for Goulburn Valley apple and pear supplier Radevski Coolstores, Victoria
- installation of an anaerobic digester and generators to convert organic waste to energy at Darling Downs Fresh Eggs in Queensland; and
- a biogas system upgrade for major renderer AJ Bush at Beaudesert, Queensland.

The relationships Low Carbon Australia developed with its Strategic Alliance Partners are being transferred to the Clean Energy Finance Corporation (CEFC) so that the benefits of streamlined access to technical expertise and finance can be furthered for clean energy investors.

Addressing energy savings across the economy

Low Carbon Australia's investments across building, manufacturing, agriculture and energy sectors nationwide demonstrate the flexibility of upfront finance to accelerate Australia's move to a low carbon economy. Figure 3 below shows how Low Carbon Australia's investment is spread across these industry sectors.

Figure 3: Low Carbon Australia's investment by sector



[NB figures = 99 per cent due to whole number rounding]

Just over half Low Carbon Australia's investment has been directed towards retrofits of both private sector and government buildings.

With about 20 per cent of Australia's national greenhouse gas emissions coming from buildings, and commercial buildings accounting for nearly half of these emissions, the sector is a key area where energy efficiency can have a substantial impact.

According to ClimateWorks, the energy intensity of existing commercial buildings has improved only slightly (by some 2 per cent) over the past 10 years, driven by a small number of market leaders and the capture of 'low hanging fruit'. Other than in large offices, activity has been patchy and fragmented and often linked to government incentives and white certificate schemes.

A major challenge to investing in commercial building retrofits has been accessing the upfront funding required for these projects. Low Carbon Australia's tailored financial solutions have worked to overcome this investment barrier by meeting the individual requirements of sector participants including local governments, commercial property owners and retailers.

Participants in the manufacturing sector account for about 16 per cent of Australia's total energy use. Over the past five years, income for manufacturing businesses has increased by only 1.6 per cent while expenses have grown by 4.4 per cent. Among the hardest hit by these factors are food processing industries which are large users of energy for refrigeration, cooking, heating, boilers and steam generation, sterilising, conveyors, and auxiliary equipment.

Through accessing Low Carbon Australia's finance for refrigeration upgrades, air compressor unit upgrades and cogeneration installations, manufacturers have increased their energy productivity and competitiveness even while energy prices continue to rise and the Australian dollar remains strong.

Agriculture accounts for nearly 4 per cent of industry energy usage in Australia. Low Carbon Australia's financing of agribusiness projects is also helping address the significant increases in energy costs impacting small to medium-sized farming enterprises. In particular, its ability to finance waste-to-energy projects has enabled it to nurture the adoption of biogas and anaerobic digester technology in the sector, demonstrating how a technology that has a proven track record overseas, can be adapted for Australian conditions.

Energy production is the main source of greenhouse gas emissions in Australia, and electricity generation is the largest single source, producing around 35 per cent of total emissions. Currently, most of Australia's energy is produced using coal (69 per cent) and gas (20 per cent) with renewable energy sources accounting for about 10 per cent.

The Energy Supply Association of Australia has pointed towards rapid growth in the use of distributed generators in Australia in recent years, driven by government subsidies, reductions in capital costs, reduction in solar system installation costs and the way electricity retail prices are structured.

The findings point to the on-going distortion in the structure of retail electricity prices as the most likely strongest driver of the future uptake of distributed generation systems.

By supporting investment in distributed energy generation, Low Carbon Australia has shown the ability of upfront finance to accelerate cost-effective solutions to support existing networks, reduce cost pressures on grid electricity supply, and reduce greenhouse gas emissions.

Geographic Spread

The coupling of co-finance partners with Low Carbon Australia's direct investments has enabled a better customer reach and geographic spread of projects than Low Carbon Australia could achieve alone. While Low Carbon Australia is based in Brisbane, the presence of co-finance partners in the field has helped to identify and bring project opportunity from regional Queensland and from other states as Figure 4 below and the project map on pages 12-13 show.

Figure 4: Low Carbon Australia's investment by state

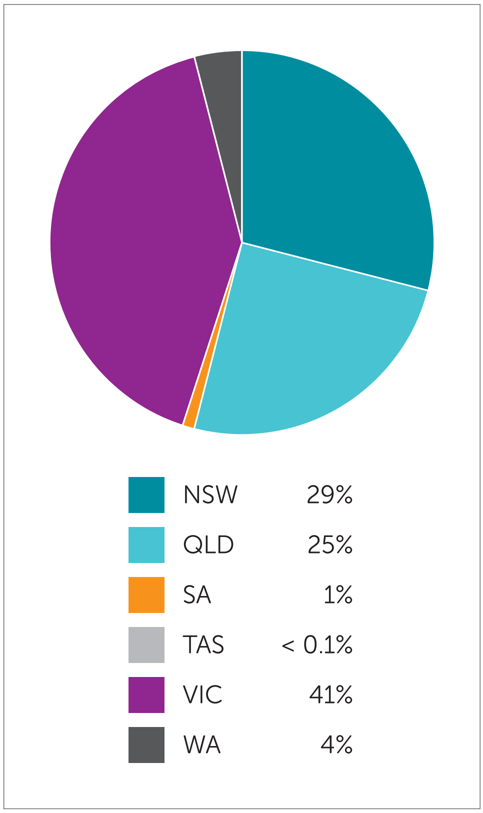


Table 3 on page 38 lists Low Carbon Australia's project investments.

Table 3: Low Carbon Australia's projects funded in the 2012-13 reporting period

Project	Location/State	Finance Method	Description
AACo (with NAB)	Multiple sites in QLD	Direct Loan	Co-financing for Australia's largest beef company to install solar photo voltaic (PV) units across 15 grid-connected sites in Queensland.
Australian Paper	Maryvale, VIC	Direct Loan	Loan to Australian Paper to replace the source of their De-inked Pulp (DIP) by purchasing and relocating a deinking plant. DIP is manufactured from reclaimed white waste paper that has undergone a screening and deinking process to remove contaminants (e.g. envelope gum, plastic, and tapes), printing inks and photocopier toners.
Central Goldfields Shire Council	Maryborough, VIC	Direct Loan	Council building upgrade to install energy efficient lighting and a 30KW solar array on the roof of the Resource Centre in the main township in the shire, Maryborough.
Darling Downs Fresh Eggs (with NAB)	Pittsworth, QLD	Direct Loan	Co-financing of a waste-to-energy project using an anaerobic digester and generators to provide power and heat from chicken manure and other organic waste.
Golden North	Laura, SA	Direct Loan	Ice cream manufacturer refrigeration upgrade to reduce energy use, cut carbon emissions and expand current capacity by 47 per cent
IPG Holdings	Sydney, NSW	Direct Loan	Lighting upgrade at Sydney's St George Hospital's Belgrave Street and Gray Street car parks and the Sydney Eye Hospital's car park.
JBS Australia	Dinmore, QLD	Direct Loan	An effluent treatment system to capture methane and use this energy source in boilers.
Kilcoy Pastoral Company	Kilcoy, QLD	Direct Loan	Biogas – upgrade of wastewater treatment system at meat processing facility, capturing biological methane to generate electricity.
Kilcoy Pastoral Company	Kilcoy, QLD	Direct Loan	Refrigeration upgrade at Kilcoy abattoir
Mt Alexander Shire Council	Castlemaine, VIC	Direct Loan	School of Mines building refurbishment to change the building use to council offices. Energy efficiency works associated with this project involve lighting and lighting optimisation.
NovaPower	Traralgon, VIC	Direct Loan	Low Carbon Australia providing debt funding for acquisition of gas-fired energy generation equipment. ANZ providing hedging facility.
247 Adelaide St	Brisbane, Qld	Direct Loan	Commercial Office upgrade through installation of high efficiency chiller, new building management system, new pumps and energy efficiency variable speed drives, new light-emitting diode lights and solar thermal air conditioning units.
AJ Bush	Beaudesert, QLD	Direct Loan	Addition of four purpose-built biogas engines capable of producing electricity generation, which will maximise the use of onsite biogas resources.
Richgro Bio Generation	Jandakot, WA	Direct Loan	Anaerobic digestion waste to energy project as part of a zero waste fertiliser manufacturing plant upgrade
Richmond Valley Council	Casino, NSW	Direct Loan	Street lighting upgrades in the municipality of Richmond Valley

Rivalea Australia	Corowa, NSW	Direct Loan	Refrigeration upgrade involving the installation of smart controls and drives and heat recovery devices to a two-stage ammonia refrigeration plant
Tumut Shire Council	Tumut, NSW	Direct loan	Energy efficient lighting, an upgraded air conditioning system and photovoltaic panels installed at the Tumut Shire Council Building.
Wagga Wagga City Council	Wagga Wagga, NSW	Direct Loan	Gas-fired cogeneration unit installed at Oasis Aquatic Centre
Warrnambool City Council	Warnambool, VIC	Direct Loan	Street light upgrade – 2,100 energy efficient lights installed in residential streets in Warrnambool.
Burleigh Bears Rugby League Football Club	Miami, QLD	FlexiGroup Energy Smart Finance	Carbon and Energy Reductions Pty Ltd Installation of Energy efficient light at Burleigh Bears Rugby League Football Club
4 x small Flexi projects	NSW and WA	FlexiGroup Energy Smart Finance	Installation of Solar PV systems
10 Valentine Avenue	Parramatta, NSW	NAB Environmental Upgrade Funding	Lighting upgrade to office building tenanted by the NSW State Property Authority.
470 Collins St	Melbourne, VIC	NAB Environmental Upgrade Funding	Office and retail high rise installed a new cooling tower, two new efficient condensing systems, a new building management system and energy efficient lighting.
Frasers – Central Park	Sydney, NSW	NAB Environmental Upgrade Funding	A tri-generation plant to produce low-carbon thermal energy to provide heating and cooling for residences and 65,000sqm of retail and commercial space in 14 buildings.
Labelmakers Group	Somerton, VIC	CBA Participation Funding	Installation of new energy efficient printing presses
Radevski Coolstores	Shepparton East, VIC	CBA Participation Funding	Industrial refrigeration upgrade to fruit and vegetables cool rooms.
162 Goulburn St	Sydney, NSW	Origin Energy Savings Funding	Dynamic Properties – New water-cooled PowerPax chiller installed at Goulburn Street Sydney office building. Upgrade of system also involved installing a variable speed drive on the chilled water circulation pump, together with a chilled water system upgrade and smart control logic.
162 Goulburn St Carpark	Sydney, NSW	Origin Energy Savings Funding	Dynamic Properties: Goulburn Street Car Park – Lighting and ventilation upgrade
Boral Greystanes	Prospect, NSW	Origin Energy Savings Funding	Energy efficient lighting, motion sensors, upgraded car park lighting at the major shared service facility.
IGA Milton	Milton, QLD	Origin Energy Savings Funding	LEDs installed in store lighting upgrade
Joyce Foam Products	Moorebank, NSW	Origin Energy Savings Funding	Lighting system upgrade to 40-year-old manufacturing plant
Kilcoy Pastoral Company	Kilcoy, QLD	Origin Energy Savings Funding	Air compressor system upgraded to improve performance, improve equipment life span and eliminate production down time
Narre Warren South College	Narre Warren South, VIC	Origin Energy Savings Funding	Upgrade of existing classroom and gym lighting
Visy Paper Smithfield	Smithfield, NSW	Origin Energy Savings Funding	Lighting retrofit to offices and warehouse

Carbon Saved

Project investments realised an estimated total carbon emissions abatement of more than 320,000 tonnes per annum which also equates to total of 2.9 million tonnes of carbon dioxide equivalent emissions abated over the lifetime of the projects. These figures include two projects where Low Carbon Australia expertise was recognised by the project owner as helping catalyse private sector investment, but where the Company's investment was not required.

Table 4: Estimated tonnes of carbon dioxide equivalent (tCO2e) abated from projects to date

Year	No of projects Low Carbon Australia financed	Annual tCO2e	Lifetime CO2e savings (incl degradation effect)
2010-11	2	250	3,300
2011-12	11	4,100	44,000
2012-13*	39	319,000	2,890,000
Total	52	323,350	2,937,300

The future

The programs initiated and developed by Low Carbon Australia will be valuable resources for the Clean Energy Finance Corporation, providing it with a solid platform on which to build and upscale its energy efficiency investments.

We understand it is the intention of the CEFC to further develop potential investment areas identified through Low Carbon Australia's pilot projects.

These include:

Bioenergy – for intensive agriculture & meat processing

Internationally, bioenergy has a strong track record as a cost-effective means of reducing carbon emissions and a reliable renewable energy source. However, the technology is still relatively new in Australia. A dollar invested in a biogas project can produce five to 10 times the CO2-e savings of some other technologies, reducing carbon emissions from both direct methane and electricity or gas offset.

Much of the fuel for bioenergy plants in Australia comes from agricultural waste (e.g. sugar cane bagasse which accounts for over 60 per cent of Australia's bioenergy capacity). Landfill gas is the 2nd largest contributor to bioenergy, making up just over 20 per cent. The biogas sector also holds tremendous potential for the intensive agriculture, meat and food processing industries, offering significant opportunities for cost-effective energy savings, renewable energy generation and carbon abatement.

Successful biogas projects in these sectors are enabling these businesses to significantly reduce their energy costs and increase their competitiveness. Furthermore, with biogas creating a source of onsite energy utilising the waste produced by the business, these projects help the companies manage their waste more efficiently.

However, many businesses in the industries with the greatest opportunities (food production and processing) often have relatively low margins and difficulties in obtaining additional finance for non-core investments. In addition, while implementing bioenergy generation can assist and reduce waste management, many individual businesses don't have the skills and resources to manage a power generation unit. Low Carbon Australia has focused on demonstrating how to overcome these barriers through successful multi-stakeholder collaborations with experienced firms involved in design, construction and management of bioenergy facilities.

The potential for investment in the sector has been illustrated by Low Carbon Australia's finance developed for the upgrade of bioenergy production at major renderer AJ Bush's Beaudesert Queensland plant and the installation of a biogas digester for major Queensland egg producer Darling Downs Fresh Eggs at Pittsworth, Queensland. A further demonstration of its potential applications and business benefits is shown with garden products supplier Richgro's anaerobic digestion waste to energy project that will produce enough energy to power the company's Jandakot operations and its onsite vehicle fleet.

Opportunities for food processing & manufacturing sectors

These sectors, often operating with tight margins, can be significantly affected by electricity price rises and the strength of the Australian dollar. The drive to reduce cost pressures on business is increasing the attractiveness of energy efficient technology, but access to upfront capital is still proving a major stumbling block for many.

Low Carbon Australia has demonstrated that flexible finance is capable of getting food processors and manufacturers operating more productively through reduced electricity use and harnessing waste by-products as potential energy sources. In its work with several food producers to improve refrigeration systems, it has been able to provide expanded capacity, enabling these businesses to pursue future growth opportunities.

It is intended that Low Carbon Australia's successful partnership with Commonwealth Bank to provide loans to manufacturers will be extended through the CEFC, as will its partnerships with Origin and FlexiGroup.

Distributed Solar PV – economics improving to tipping point

Australia's enthusiasm for solar has already been demonstrated, with more than a million homes having installed solar power systems as at March 2013. The residential market currently accounts for over 90 per cent of solar PV installations.

The untapped potential for solar power in the utility and commercial sectors is substantial in many areas across Australia and its business case continues to improve as the relative cost of solar energy generation falls.

Low Carbon Australia's forays into financing solar involved council retrofits which included solar as part of broader energy efficiency retrofits and developing a project with Australia's largest beef cattle producer the Australian Agricultural Company Limited (AACo) to finance the installation of solar PV systems at 15 grid-connected locations in Queensland. The $990,000 project which also involved National Australia Bank (NAB), was formally announced by the CEFC in July 2013 and is expected to reduce grid energy consumption and carbon emissions at the selected locations by around 30 per cent.

The second half of the year saw proposals from the solar sector focused on overcoming financial impediments for investment and new aggregation finance and delivery models for smaller individual projects in the commercial and industrial sectors.

Solar power is also a particularly attractive option in remote areas where there is no access to electricity distribution networks (or where connection would be very expensive) and diesel fuel is currently the main source of energy for electricity.

Distributed generation – peaking plants

On the outskirts of Traralgon, in the heart of Victoria's Latrobe Valley, a local energy generator financed by Low Carbon Australia is demonstrating how power security could be achieved across Australia's eastern seaboard.

A $11 million pilot project, established through NovaPower and Low Carbon Australia and involving SP AusNet and ANZ, is using high-efficiency Caterpillar® gas-fired engines in an innovative solution that provides lower-emissions power and defers network investments.

NovaPower's high-efficiency Caterpillar® gas-fired engines provide a cleaner form of electricity directly to the Traralgon network during peak demand periods. The generators can collectively produce up to 10 MW of electricity at lower emissions intensity than comparable peaking generators or traditional coal-fired power generation. Natural gas is sourced from the local gas distribution system owned by Envestra.

The Traralgon project – NovaPower's first – effectively defers the need for an otherwise costly network upgrade for several years and delivers greater reliability of power supply for residents and businesses. It has created local employment opportunities for 80 contractors involved in building the project, and will provide on-going local employment through maintenance contracts.

Street lighting – split incentives requires tailored finance

Street lighting energy costs are a major issue for many Australian local governments.

It's estimated there are more than 2.28 million streetlights in Australia costing more than $400 million annually in energy and maintenance costs. Studies by experienced consultant Ironbark Sustainability have demonstrated how councils could save nearly 70 per cent in their street lighting energy costs by changing to widely accepted energy efficient technologies.

Low Carbon Australia has helped Warrnambool and Richmond Valley Council upgrade street lighting to reduce their energy costs and their carbon footprints.

Both these projects demonstrate how tailored upfront finance can help overcome the problems faced by councils, which pay for the operation and maintenance of streetlights, even though the equipment is owned and maintained by energy service providers.

Low Carbon Australia's finance meant the councils were able to undertake upgrades without using their own cash reserves and the cost of the projects could be paid back through savings made on energy bills.

Richmond Valley Council replaced about 1,000 lights throughout the shire and was expecting to reduce its lighting energy costs by at least one third, while reducing its carbon emissions by 354 tonnes per year.

Warrnambool City Council harnessed Low Carbon Australia finance to complement grant funding from the Australian Government's Community Energy Efficiency Program (CEEP), to carry out an upgrade of 2,100 residential street lights that are expected to realise savings which equate to a 68 per cent reduction in energy usage. The Warrnambool project is part of a larger $3 million Great South Coast Street Smart Lighting Project that will replace more than 7,600 mercury street lights across six councils – City of Warrnambool, and the Shires of Colac Otway, Corangamite, Moyne, Southern Grampians and Glenelg. The project has been approved up to $1.4 million in CEEP funding.

Low Carbon Australia expects the CEFC to build on the experience of Low Carbon Australia, by supporting other councils seeking finance for street lighting upgrades and notes the CEFC has already announced finance for street lighting in Baw Baw Shire in Victoria.

‘Food processors gain benefits from smart energy efficiency projects which deliver bottom line savings, improve productivity and boost their competitiveness.’

Case Studies
Significant Projects

Australian Paper's recycled paper plant

Australian Paper's new recycling plant, expected to commence operations in 2014, will help it increase its competitiveness domestically and reduce its carbon emissions.

The $90 million de-inking recycled paper plant is being constructed at Australian Paper's Maryvale Mill in the Latrobe Valley, Victoria. The project will contribute around $110 million to the economy and support more than 960 full-time equivalent jobs during construction.

Once complete, it will support 246 full-time equivalent jobs, including flow-on effects. The plant will help Australian Paper deliver sustainable, certified, recycled paper products to meet growing consumer demand. By increasing its range of recycled content papers and using more recycled fibre, Australian Paper expects to reduce carbon emissions by 6.75 million tonnes over the lifetime of the plant through savings in electricity and gas consumption and through reduction of waste sent to landfill.

The plant is expected to divert up to 80,000 tonnes of waste paper from Australian landfill or export each year and will more than triple the company's use of premium recycled fibre.

Low Carbon Australia provided finance of $9.9 million towards the project, which also received an Australian Government grant of $9.5 million and support from the Victorian Government. When contracted in the first half of 2012-13 the loan was Low Carbon Australia's largest to date.

Innovative distributed generator Novapower proves low emissions potential

An $11 million pilot energy generation project at Traralgon in Victoria is demonstrating the potential for power security across Australia's eastern seaboard.

NovaPower's high-efficiency Caterpillar® gas-fired engines provide a cleaner form of electricity directly to the Traralgon network during peak demand periods.

The generators can collectively produce up to 10 MW of electricity at lower emissions intensity than comparable peaking generators or traditional coal-fired power generation.

As a result of the project, the need for an otherwise costly upgrade to the distribution network has been deferred for several years at least.

The project delivers greater reliability of power supply for residents and businesses. NovaPower has plans to roll out the technology in areas of high electricity demand across several states using its Traralgon model as the benchmark.

The project was co-financed by ANZ and Low Carbon Australia.

Case Studies
Helping Agriculture Businesses Transform Energy Use

Kilcoy Pastoral Company

South-East Queensland beef exporter Kilcoy Pastoral Company has cut the energy it uses on its air compression system by more than 40 per cent.

The company, which employs more than 750 people, processes more than 800 cattle a day and exports premium beef to more than 20 countries worldwide.

A $240,000 upgrade substantially boosts performance sustainability of the air compressor system while improving equipment life span and eliminating production down time.

Maintenance costs are reduced by 30 per cent and carbon emissions reduced by about 700 tonnes annually.

For the upgrade, Kilcoy Pastoral Company accessed the upfront capital and the technical expertise of CAPS Australia through on-bill finance.

Compressed air is used for the company's meat processors, pumps, tools and packaging lines.

Air compressors use about 10 per cent of the electricity supplied to Australian industry. Typically, energy savings of between 20 and 50 per cent are possible by optimising equipment, upgrading old systems and reducing the need for compressed air services.

"This upgrade is part of a continuing series of improvements aimed at delivering world-class environmental operations. We're proud of our reputation and have worked hard to improve our sustainability."

Kilcoy Pastoral Company's CEO, Dean Goode

Coolstores reduce energy use by a quarter with low carbon upgrade

Family owned and operated business Radevski Coolstores, a major Goulburn Valley supplier of apples and pears to Coles supermarkets, reduced its refrigeration energy use and carbon emissions by about one quarter through a $1.15 million refrigeration upgrade of its cool rooms.

Radevski Coolstores has grown from one orchard in 1959 to its present 450 acres of apple and pear orchards in Goulburn Valley's Shepparton East district. Its turnover is around 20,000 bins of fruit per year.

Increasing energy and refrigerant prices significantly increased the business's operating costs, but a new ammonia-based refrigeration system servicing its 16 cool rooms reduces those costs by over $140,000 and takes advantage of improvements in refrigerator design to reduce carbon emissions by 24 per cent.

Financed through Low Carbon Australia and the Commonwealth Bank, the upgrade was carried out by CEFC strategic alliance partners and refrigeration specialists MINUS40.

Case Studies

Helping Agriculture Businesses Transform Energy Use

Rivalea Australia Saves on Energy

An industrial refrigeration upgrade is helping Australia's largest pork producer and leading exporter Rivalea save around 10 per cent on its annual energy costs.

The $845,000 installation of smart controls, variable-speed drives and heat recovery devices has improved the efficiency of the Corowa NSW abattoir's two-stage ammonia refrigeration plant, saving 10 per cent in total energy consumption, including gas and electricity.

Energy cost savings are over $195,000 a year and the improvements to Rivalea's refrigeration create ongoing energy cost savings, directly benefiting the business's bottom line.

Low Carbon Australia's strategic alliance partner MINUS40 was the project's refrigeration consultant. The project will improve the efficiency of the Corowa abattoir's refrigeration plant. The specialised abattoir, boning and packaging facilities at Corowa in NSW are integrated into its production and distribution systems to supply major retailers throughout Australia, Asia and other parts of the world.

Low Carbon Australia finance towards the project enabled Rivalea to access a grant for one third of the project cost through the Australian Government's Clean Technology Food and Foundries Investment Program (CTIP). Rivalea also received support from Energy Saver, run by the NSW Office of Environment and Heritage.

JBS Australia

JBS Australia, the country's largest meat processor and exporter, will capture and use biogas in its existing natural-gas fired boiler plant of its Dinmore, Queensland facility to reduce dependence on grid-connected natural gas by over 48 per cent. The project will cut the facility's greenhouse gas emissions by the equivalent of 44,000 tonnes of carbon dioxide per annum.

JBS Australia employs about 2,000 staff at its Dinmore processing facility where it is installing new pre-treatment equipment and covered anaerobic lagoons to capture the biogas generated at the site. This biogas will be used in the company's existing natural-gas fired boiler plant that produces steam and hot water to meet the site's demand for sanitary cleaning and sterilisation. Capturing the available biogas generated from its operations also helps the company meet its waste management requirements.

The company owns five feedlots and 10 meat processing facilities across five Australian states. This project is the first of its kind in the Australian red meat processing industry and demonstrates the potential benefits of the technology for other meat processing facilities.

The $8.8 million project is being co-financed by Low Carbon Australia and an Australian Government Clean Technology Food and Foundries Program grant.

Case Studies
Transforming Waste Into Energy

Richgro's anaerobic digester

Major Australian garden products supplier, Richgro is harnessing ground-breaking waste-to-energy technology to meet all its power needs by recycling organic waste.

An anaerobic digestion plant of up to 2MW generation capacity is being built to power Richgro's Jandakot, WA site. Its by-product will be used as a raw material in Richgro's garden products, available nationwide at Bunnings, Mitre10 and other gardening retailers.

Biogass Renewables, which is installing the plant, will integrate the latest European technology, designed to suit Australian conditions.

The $4 million waste-to-energy plant has the capacity to process 35,000 tonnes a year of commercial and industrial organic waste diverted from landfill. Over a 20 year life the project should save about 14,900 tonnes of CO_2-e.

Anaerobic digestion involves the breaking down of organic waste bio-methanogens to produce biogas comprised of roughly 65 per cent methane, with the remainder mostly CO_2 and some hydrogen sulfide.

Green wastes used can include garden and food wastes, and wastes from dairies, piggeries and poultry manure.

Low Carbon Australia financed $2.2 million of the project cost, and a grant under the Australian Government's Clean Technology Investment Program covered $1.1 million.

Renderer's plant upgrade maximises biogas resources

Australia's largest renderer, A J Bush & Sons, is adding four purpose-built biogas engines which will maximise the use of onsite biogas resources and avoid 23,000 tonnes of CO_2-e direct emissions.

The upgrade should reduce A J Bush's grid electricity consumption and the associated carbon emissions by 35 per cent. Local air quality and amenity will also be improved as the additional anaerobic digesters will be covered.

Quantum Power will build, own and manage the equipment, which enables the rendering company to benefit from recycling its operational waste without having to operate and maintain generators itself.

Low Carbon Australia developed this project to provide a loan to Quantum Power for half of the $1.2 million project cost.

Case Studies

Innovation Through Environmental Upgrade Agreement (EUA) Finance

Tri-generation plant for Central Park development, Sydney

A two megawatt tri-generation plant at the major new residential and commercial development at Central Park at Broadway in Sydney's inner-west will provide low-emissions thermal energy, heating and cooling to up to 4,000 future residents.

Tri-generation is twice as energy efficient as a coal-fired power plant, allowing residents to benefit through lower energy costs.

The technology is expected to reduce greenhouse gas emissions by more than 190,000 tonnes over its 25-year design life, equivalent to removing 62,500 cars from the road.

The stage one tri-generation energy plant will also supply low-carbon electricity to the heritage County Clare Hotel and the mixed-use Brewery Yard building in the precinct.

Central Park is striving to be Australia's most self-sufficient mixed-use urban development. Its sustainability strategy was devised in close collaboration with the Institute for Sustainable Futures at the University of Technology in Sydney and Elton Consulting.

Low Carbon Australia provided $10 million finance along with co financiers ANZ and Eureka Funds Management to install the $26.5 million plant under an Environmental Upgrade Agreement signed in March 2013 and also involving City of Sydney, Frasers and Sekisui House.

Tenants Benefit from EUA Upgrade for 10 Valentine Avenue, Parramatta

A lighting upgrade of a high-rise office building tenanted by the NSW State Property Authority in Parramatta, NSW has reduced lighting bills by about 70 per cent.

Old lights were replaced with E1 and LED lighting and motion sensors were installed in single offices, meeting rooms and closed spaces, at the 10 Valentine Avenue property.

The $783,000 upgrade has vastly improved the quality of office space and will save the tenants around $130,000 a year while abating about 525 tonnes of carbon emissions a year.

The collective operating savings gained through maintenance and reduced electricity use are effectively shared between the building owner and the tenant.

The upfront project cost was covered by an Environmental Upgrade Agreement involving the Parramatta City Council, National Australia Bank, Eureka Funds Management and Low Carbon Australia. Government Property NSW, acting on behalf of 13 NSW Government tenants, initiated the Agreement with Australian Unity Investments who owns the building at 10 Valentine Avenue, Parramatta. The agreement, signed in December 2012, was the first of its kind for NSW.

This project additionally qualified for 'white certificates' issued under the NSW Energy Savings Scheme. These certificates reduced the upfront project cost by $156,000.

Case Studies

Councils Make Energy Savings

Warrnambool City Council, Victoria

Warrnambool City Council is installing 2,100 energy efficient street lights in residential streets of the city south-west of Melbourne. The new globes are expected to reduce energy usage by up to 68 per cent.

The council is expecting to save more than $100,000 a year on its energy costs.

Studies have demonstrated how local governments can save nearly 70 per cent in their street lighting energy costs by changing to widely accepted energy efficient technologies.

With more than 2.28 million street lights in Australia, estimated to cost more than $400 million in energy and maintenance, there is plenty of scope for councils to be involved in upgrade programs.

But, councils wishing to make cost and carbon savings through lighting upgrades can face complexities surrounding the ownership and operation of lights.

Low Carbon Australia's upfront finance, is helping break down those barriers by enabling councils to act on the issue without spending ratepayer dollars upfront on equipment not belonging to them.

Low Carbon Australia provided finance for just over 50 per cent of the Warrnambool City Council's $872,500 commitment to the larger $3 million Great South Coast Street Smart Lighting project.

The council funded the balance of the project cost through its share of an Australian Government Community Energy Efficiency Program (CEEP) grant of up to $1.4 million for the group of regional councils which also included the Shires of Colac Otway, Corangamite, Moyne, Southern Grampians and Glenelg.

Richmond Valley Shire makes lighting savings

About 1,000 street lights throughout Richmond Valley Shire have been replaced with more energy efficient lamps, reducing lighting energy costs by about one third.

The $286,000 street lighting upgrade also reduces carbon emissions by about 354 tonnes per year.

While the street lights are owned and maintained by Essential Energy, the council pays for their operation and maintenance.

Public lighting is the single largest source of local governments' greenhouse gas emissions, typically accounting for 30 to 60 per cent of emissions.

By working with Essential Energy, using finance from Low Carbon Australia, the council has tackled one of its major costs head on.

Case Studies
Councils Make Energy Savings

Great Lakes Council buildings cut costs by 12 per cent

Upgrades to the local aquatic centre and council administration centre at Forster in NSW are helping Great Lakes Council save about 12 per cent or $30,000 a year based on current electricity prices.

The council's upgrade program involved more than 20 individual activities, focusing on lighting, water heating and insulation.

The council sourced finance for the project from Low Carbon Australia.

The aquatic centre and administration building were the two highest energy use buildings the council owned so it made good sense to improve their energy efficiency.

Heritage building upgrade saves energy

An upgrade to Castlemaine School of Mines, a heritage-listed building in the Victorian gold-mining town of Castlemaine, is reducing the building's energy use by about 40 per cent.

Lighting improvements costing about $100,000 were financed by Low Carbon Australia and complement other work to improve the building's sustainability which includes improved ventilation and central ducted air-conditioning, a refurbished hydronic heating system, ceiling insulation, sunscreens to control solar heat gain, installation of skylights and systems to allow rainwater harvesting.

Mount Alexander Shire Council is saving about 40 per cent on the building's energy bills and reduces its emissions by about 53 tonnes a year as a result of the lighting upgrade.

The refurbished building enables Mount Alexander Shire Council to situate its staff in the centre of Castlemaine and provide a one-stop-shop customer service for residents.

The School of Mines is one of several heritage buildings on Castlemaine's Lyttleton Street, sitting alongside the Town Hall, Post Office and former Imperial Hotel. The town has a proud heritage dating back to the gold rush, and the work to transform the School of Mines building is designed to protect the past while leading the way towards a more sustainable future.

Case Studies
Enabling Manufacturers to Lower Their Energy Costs

Helping an ice-cream manufacturer expand into new markets

A refrigeration upgrade by South Australian ice cream manufacturer Golden North is enabling it to expand its business reach into South-East Asian markets.

Golden North's manufacturing base at Laura, north of Adelaide, has around 50 staff and produces about 8.5 million litres of ice cream annually. The company undertook $895,000 worth of refrigeration improvements as part of a $3 million expansion plan to increase output, add new product lines and export to South-East Asia.

The upgrade increases the refrigeration system's compressor plant capacity by more than 40 per cent. Variable speed drives, pressure controls and energy monitors helps reduce refrigeration carbon emissions.

The upgrade halves the time it takes to harden ice cream and allows Golden North to increase production, creating more local jobs.

Low Carbon Australia's Strategic Alliance Partner 2xE identified refrigeration improvements that would help Golden North maximise its potential.

Low Carbon Australia provided loan finance to Golden North. The company also secured an Australian Government grant and funding from Food SA towards preparing a business case.

Manufacturer halves lighting costs using on-bill finance

Joyce Foam Products is reducing its lighting bills by more than 50 per cent through a $138,000 lighting upgrade to its manufacturing plant at Moorebank in Sydney's west.

The company has been producing foam for both consumer and industrial use for more than 50 years.

Joyce Foam, which is committed to creating environmentally friendly products, used on-bill finance through Origin and Low Carbon Australia to cover the upfront costs of the project.

Induction lamps replaced old lighting systems at the 40-year-old 13,000 square metre manufacturing plant. The equipment used was eligible for NSW Energy Savings Certificates.

On-bill Finance – Boral

A lighting upgrade helped Australia's largest building and construction materials supplier, Boral Ltd, cut the energy costs of a major shared service facility by more than one quarter.

Boral produces and distributes a broad range of construction materials, including quarry products, cement, fly ash, pre-mix concrete and asphalt, and building products.

Using Origin on-bill finance Boral undertook a $660,000 upgrade project at its Greystanes House site at Prospect in western Sydney. The project involved replacing old fluorescents with newer technology including motion sensors, changes to over-lit areas so they were served more efficiently, and upgraded car park lighting.

The lighting upgrade was part of a larger refurbishment of the facility.

The end result was a reduction of energy use at the facility by a quarter and a reduction of carbon emissions by about 760 tonnes a year.

On-bill finance provided the upfront capital for $417,000 of the Boral project and was structured to ensure the repayments matched savings generated by the new equipment.

The Boral project was eligible for NSW Energy Saving Certificate rebates.

"At Boral, we're committed to finding cost-effective solutions for a more sustainable environment, and upgrading the lighting at Greystanes House is just one of the exciting ways we are making positive changes for our operations. The project will help us reduce our operating costs and improve our bottom line."

Boral's David Oxnam, Chief Information Officer for Boral Shared Services

Lighting upgrade savings for hospitals

A $520,000 lighting upgrade to three car parks at two Sydney hospitals is reducing carbon emissions and lighting energy costs by 30 per cent per year.

Metro Parking, which operates St George Hospital's Belgrave Street and Gray Street car parks and the Sydney Eye Hospital's car park on behalf of owner International Parking Group (IPG), upgraded all three with more efficient lighting.

Lighting is something drivers take for granted in car parks, but it is vital to their safe operation. The upgrades ensure lighting is effective while operating costs are reduced.

The new lights consume less power and won't need as much maintenance resulting in further savings estimated at $50,000 per annum.

All up, 1,141 bays at the St George Hospital car parks and 390 bays at the Sydney Eye Hospital car park benefit from the upgrade.

Case Studies

Improving Building Performance and Saving Energy

Upgrade to Brisbane CBD office to halve energy costs

Low Carbon Australia finance is helping a 1980s Brisbane CBD office block to cut its base building electricity consumption by nearly 50 per cent through $1.23 million in improvements.

Development manager Trans Action Property Services anticipates energy efficiency upgrades to 247 Adelaide Street will take the seven-storey property from a 0 rating under the National Australian Built Environmental Ratings System (NABERS) to targeting four stars.

Low Carbon Australia provided finance for about $735,000 and the remaining amount had been sourced through the Australian Government's Green Building Fund.

The project involved installing high efficiency air cooled chillers, new pumps and variable speed drives, a new mechanical switchboard, solar thermal heating, ventilation and air conditioning (HVAC) units, and LED lighting.

The new equipment also enabled the building owners to benefit from incentives offered by energy supplier Energex for reducing peak demand.

Victorian council upgrades building and saves

A building belonging to Victoria's Central Goldfields Shire Council has been upgraded and is saving more than $20,000 a year on electricity bills and generating 80 per cent of the building's energy needs.

The Maryborough Resource Centre had a lighting upgrade and solar photovoltaic panels installed.

Central Goldfields Shire Council undertook these upgrades with the intent to provide local buinesses with a clear demonstration of the value of energy efficiency and renewable energy generation options against future energy price increases. The project involves a community engagement and education component.

Low Carbon Australia provided upfront finance for the $80,000 upgrade project, which enabled the council to undertake the work sooner.

'The NCOS Carbon Neutral Program continued to grow throughout the year with ten new organisations certified, expanding the program's network to 33 participants, for which 37 products, services or organisational certifications were achieved.'

Martijn Wilder AM, Chairman, Low Carbon Australia

Performance 2012-13: Carbon Neutral Program (CNP)

Low Carbon Australia's Carbon Neutral Program (CNP) is the only carbon neutrality certification system backed by the Australian Government.

Participation in the program is voluntary and the program's popularity with corporate Australia continues to expand. Organisations as varied as trucking companies, printing firms, councils, a school, a bowling club, and Zoos Victoria joined the ranks of those with carbon neutral certifications in the past year.

Australian businesses, government and community organisations join the CNP because they want to be identified with the only Australian Government-recognised carbon neutral certification against the National Carbon Offset Standard (NCOS).

Certification can be sought for the claims of carbon neutrality for a whole organisation, part of an organisation, an event, or a product or service, and offers participants:

- easy verification for consumers about the validity of carbon neutral claims
- use of the government-approved NCOS logo on products or marketing material
- a point of difference for consumers minded to opt for 'clean and green' products and services
- an opportunity to show leadership in environmental governance and demonstrate it in public reporting; and
- a means for organisations to inspire and recognise their employees for efforts taken in measuring and reducing carbon emissions within a business.

The standard provides integrity through its guidance on genuine voluntary offsets and its minimum requirements for calculating, auditing and offsetting a carbon footprint to achieve carbon neutrality.

Low Carbon Australia administered the CNP up until 31 May 2013 and the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) assumed responsibility for it from 1 June 2013, because Low Carbon Australia's staff and operations were being integrated into the CEFC and the CNP was outside the CEFC's scope of operations.

Low Carbon Australia's CNP manager transferred to the Department from this time as the contact point for program members.

Program Growth

In the 11 months to 1 June 2013, 10 new organisations were certified, expanding the program's network to 33 participants, for which 37 products, services or organisational certifications were achieved.

As of 1 June 2013, certifications comprise:

- 21 participants who have their organisation, or part of their organisation, certified as carbon neutral
- 2 participants who have both carbon neutral product certification and carbon neutral certification (total 4 certifications); and
- 10 participants who have a total of 12 carbon neutral products or services certified.

Carbon saved

Low Carbon Australia's administration of the CNP reached a milestone on 24 July 2012 when its members were officially recognised by the then Parliamentary Secretary for Climate Change and Energy Efficiency, Mark Dreyfus for collectively avoiding more than a million tonnes of carbon emissions in a 12-month period.

The estimated total annual greenhouse gas emissions avoided from the existing 33 carbon neutral participants (based on historical data) was almost 1,098,000 t CO2-e at 31 May 2013.

How carbon neutrality under CNP works

There are five steps which CNP participants undertake to gain certification.

- **Step 1 – Calculate your carbon footprint**
  To calculate the carbon footprint of a product, organisation or event, participants need to prepare a greenhouse gas inventory following the National Carbon Offset Standard (NCOS).
- **Step 2 – Prepare an Emissions Management Plan**
  An Emissions Management Plan (EMP) describes how greenhouse gas emissions will be monitored and reduced. It also includes how carbon offsets will be purchased and retired.
- **Step 3 – Prepare a Public Disclosure Summary**
  A public disclosure summary is important for maintaining consumer confidence in carbon neutral claims.
- **Step 4 – Third party auditing**
  Third party auditing of an organisation's carbon footprint, emissions management plan and public disclosure summary confirms its emissions claim and helps ensure the adequacy of the application package.
- **Step 5 – Submit your application package**
  To be certified carbon neutral, organisations submit application, pay an annual certification fee and enter into a license for the use of the Carbon Neutral Certified Trade Mark.

The Carbon Neutral Network

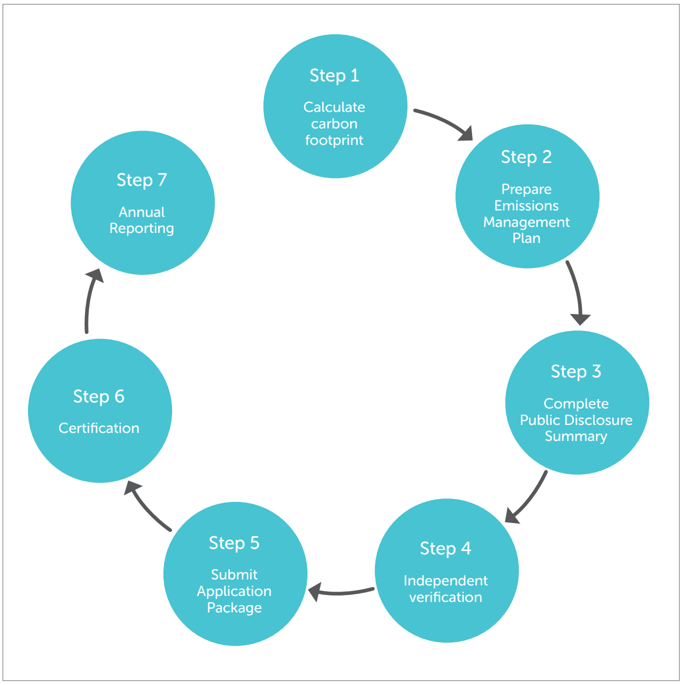
The Carbon Neutral Network, coordinated by Low Carbon Australia, comprises all organisations that have been certified under the program. The network provides support and builds promotional and networking opportunities for members.

In the 11 months to 1 June 2013, Low Carbon Australia worked with organisers of various events to help promote the program to a broader interested community including Sydney Market Outlook in July 2012, the Carbon Farming Conference in Dubbo in October 2012, Carbon Expo Australasia in November 2012 and the Northern Alliance for Greenhouse Action breakfast in March 2013.

At Carbon Expo, a presentation ceremony recognised Qantas, Virgin Australia, Crown Melbourne, Carlton & United Breweries, PwC Australia, The GPT Group, Sensis, Focus

Carbon Neutral Network members at Certification Ceremony Carbon Expo 2012

Figure 5: How carbon neutrality certification works under NCOS.



Press and Vega Press – for their carbon neutral achievements and each company was presented with a certificate and plaque marking their certification. During a separate ceremony, Yarra City Council, City of Melbourne and Moreland City Council were presented with plaques and certificates at the Northern Alliance for Greenhouse Action's *Scaling up climate change leadership: strategies for local government* breakfast event on 19 March 2013.

Carbon Neutral Network members have access to official Australian Government NCOS branding which many use to communicate to their customers that their products or services are environmentally responsible.

Businesses choosing to use certified products and services are effectively reducing their own carbon footprint in the process.

photograph: courtesy of City of Moreland

Table 5: Low Carbon Australia's Carbon Neutral Network – NCOS CNP Certifications to 1 June 2013

Certified Participant Name	Certified organisation whole or part of operation	Certified Product/Service	Year joined program
An Mea	1	1	2010-11
ANZ	1		2010-11
Australia Post		1	2010-11
Australian Paper		1	2010-11
Bulk Mine Services	1		2012-13
CUB's Cascade Pure		1	2011-12
CBRE	1		2011-12
City of Melbourne	1		2012-13
City of Sydney	1		2011-12
City of Yarra	1		2012-13
Crown Melbourne		2	2011-12
Dexus	1		2011-12
Education Services Australia	1		2011-12
Focus Press		1	2011-12
GPT	1		2012-13
Jetstar		1	2010-11
Keytek		1	2011-12
Moreland City Council	1		2012-13
Mystique	1		2011-12
NAB	1		2010-11
Oak Flats Bowling and Recreation Club	1		2012-13
PWC	1		2011-12
Qantas		1	2010-11
Republica Coffee	1		2011-12
Sensis		2	2010-11
South Fremantle Senior High School	1		2011-12
Sunshine Coast TAFE	1		2011-12
Sustainable Living Fabrics	1	1	2010-11
Swisse Vitamins	1		2012-13
Transforce	1		2012-13
Virgin Australia		1	2010-11
Western Water	1		2011-12
Zoos Victoria	1		2012-13
The Merino Company (Withdrawn)		1	2010-11
Vega (Withdrawn)	1		2012-13
Total Certifications FY 2013	24	15	
Certifications Withdrawn	1	1	
Total certified at 1 June 2013	23	14	
GRAND TOTAL	37		

Case Study
Carbon Neutral Trucking

Transforce Bulk Haulage and Bulk Mine Services

Steve Fieldus, principal of Dubbo-based trucking companies Transforce Bulk Haulage and Bulk Mine Services, is set on changing the environmental image of the trucking industry and proudly displays his carbon neutral status for the world to see – with logos on the side of his trucks.

He worked to make Transforce Bulk Haulage the first heavy transporter in Australia certified Carbon Neutral under the National Carbon Offset Standard. When he branched out with a new trucking business in early 2013, he ensured Bulk Mine Services was certified carbon neutral from day one, to show mining-related industries a sustainable way forward.

"I care about how our company is positioned in the next 10 or 15 years and the impact it will have on the environment… and I obviously want a better world for my kids," he says. "But it's also a case of, if we don't start cleaning up after ourselves, it's going to cost us a lot of money in the future."

Transforce, which carries agricultural commodities, organic waste and recyclable materials, has a fleet of 11 heavy vehicles, five of which it owns. Six are owned by contractors. Bulk Mine Services, which began with one truck, is expected to expand to meet demand for transporting mining-related bulk products as well as general freight.

To be certified Carbon Neutral, Transforce worked with Carbon Farmers of Australia and adopted a new approach to its vehicles, upgrading to new low emissions engine technology transporters.

An incentive program was introduced to reward drivers who reduced their fuel consumption through operator behaviour. The way vehicles were configured with trailers was also considered so that the most efficient ratios of fuel consumption to tonnes of transported material could be achieved. Bulk Mine Services has committed to trialling low sulphur diesel and biodiesel, and will decommission aging trucks early to reduce the likelihood of higher emissions due to declining energy efficiency. Waste oil and tyres are recycled.

The companies source energy from GreenPower to meet electricity needs and buy carbon offsets to achieve carbon neutrality.

Case Study
Carbon Neutral Club

Oak Flats Bowling Club

Oak Flats Bowling & Recreation Club, Australia's first carbon-neutral club, attributes its success to the involvement of its members and staff.

Twice winner of the Keep Australia Beautiful (Sustainable Clubs Award) and winner of three 2012 ClubsNSW Awards, the club's strong commitment to a sustainable environment is evident throughout its operations.

The not-for-profit, medium-sized club in the south of the Illawarra region in New South Wales has 75 staff and 11,599 members. Club facilities include 117 gaming machines, a 200-seat brasserie, a 70-seat café and pizza bar, two function rooms and two lawn bowling greens and one synthetic green.

Oak Flats CEO, Matt OHara, says cutting out unsustainable products made a substantial difference to the amount of waste the club produced.

"We used to have VB in bottles and on tap. That meant waste from the bottles, as

well as the cardboard boxes they came in. Considering a keg is a more sustainable way of serving beer, we cut the bottle option out altogether," he says.

Installing a synthetic bowling green reduced the club's water and maintenance costs, while harvesting rainwater for use in toilets and installing energy efficient lights all reduced the club's footprint.

The club replaced its older air conditioning system with a new efficient chiller that helps it to further reduce its carbon emissions and to make electricity savings of around 14 per cent. The club operates a 36-chicken poultry run to recycle most of its food waste.

Oak Flats has purchased a portfolio of offsets that includes the protection of native forests through reforestation initiatives, wind turbine generators and the capture of coal mine methane escaping from an abandoned coal mine and using this to generate energy. Club members were asked to make a voluntary $1 payment with their membership to help pay for the offsets.

Case Study
Carbon Neutral Councils

Yarra City, City of Melbourne and Moreland City Councils

Victoria's councils collectively showed their commitment to sustainability with neighbouring Yarra City Council, City of Melbourne and Moreland City Council receiving carbon neutral certification during the financial year.

For Yarra City Council, becoming carbon neutral by 2012 was the realisation of a goal drafted in 2008 under its Yarra Environment Strategy.

The City of Yarra is an inner metropolitan municipality of Melbourne, Victoria and is home to a diverse community of about 79,500 people. It was named Victoria's Sustainable City of the Year in 2011, and in November 2012 it became the first Victorian Council to achieve carbon neutrality.

Since 2000-01 the council has reduced its annual energy use by almost 25 per cent and has installed energy efficient globes in street lights, installed solar panels and hot water systems at council buildings, and introduced on-site energy creation at the Collingwood Leisure Centre.

Moreland City Council has been working towards carbon neutrality since 2007 when it endorsed a Climate Action Plan. The City of Moreland, covering the inner and mid-northern suburbs of Melbourne, is undergoing a sustained period of urban regeneration. Its population of 152,255 is forecast to grow to 182,000 by 2031.

Carbon neutrality helps the council reduce its operating costs through reduced energy use and helps improve the environment through adoption of more sustainable business practices.

Energy efficiency projects included lighting upgrades in council-owned buildings, improvements to the heating, ventilation and air conditioning at the Coburg Civic centre, and the redevelopment of the Brunswick Baths with installation of a cogeneration system that produces onsite electricity and heat.

The City of Melbourne set out to ensure it was one of the world's most sustainable cities with its certification. The local government authority is responsible for the area consisting of the Melbourne city centre and eleven inner-city suburbs.

The city's carbon-reducing initiatives include new waste management solutions and upgrades to several council buildings. The council built Australia's first six-star green star new office design building – CH2 – which is now leading the way in environmentally sustainable design. It is helping commercial building owners upgrade their buildings with energy efficient technologies through its 1200 Buildings program and unlocking funds through Environmental Upgrade Agreements.

The City of Melbourne is also working with the city's commercial building owners and high-rise apartment residents to reduce water and energy usage and better manage waste and recycling. It is further encouraging residents to take up a lower-carbon lifestyle by extending its bike network and encouraging walking and use of public transport.


photograph: courtesy of City of Moreland

‘Through partnerships and performance we open doors to private sector investment in sustainable economic growth, creating value and accelerating the move to a low carbon future.’

Mission Statement, Low Carbon Australia

PART TWO

Governance and Public Accountability

Organisational Structure

Low Carbon Australia Limited ('Low Carbon Australia') is a public company limited by guarantee under the *Corporations Act 2001* ('the Corporations Act').

Low Carbon Australia has adopted a Constitution under which the Company has a single Member – the Commonwealth of Australia. As such, the Company is a 'Commonwealth-controlled company' under the *Commonwealth Authorities and Companies Act 1997* ('the CAC Act'). The Member was represented during 2012-13 by the Minister for Climate Change and Energy Efficiency (note that after the reporting period and following the change of government this function transferred to the Minister for the Environment).

Due to the fact the Company falls under the CAC Act, it reported in 2012-13:

- directly to the responsible Minister – the Minister of Climate Change and Energy Efficiency – for certain matters
- directly to the Finance Minister – for other matters; and
- indirectly to the Australian Parliament through Ministers (including through this Annual Report).

The Company's activities during 2012-13 were to administer the Energy Efficiency Program and the Carbon Neutral Program, in accordance with agreements with the Australian Government's then-Department of Climate Change and Energy Efficiency (from 26 March 2013, this portfolio function was transferred to the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE)). Please note Low Carbon Australia's administration of the Carbon Neutral Program finalised on 31 May 2013 and was transferred to DIICCSRTE effective from 1 June 2013.

During the reporting period the Company operated nationally, was headquartered in Brisbane and maintained a small rented office in Sydney.

In conjunction with the Australian Government on 19 December 2012, the Boards of both Low Carbon Australia and the Clean Energy Finance Corporation (CEFC) announced an intention to integrate the existing Low Carbon Australia business into the CEFC.

The Australian Government determined that this should be achieved by a transfer of staff and a gift of assets (including novated loans) to the CEFC, and winding up the remaining Low Carbon Australia entity. In this context and also on 19 December 2012, the Australian Government announced that the Chair of the Board of Low Carbon Australia Mr Martijn Wilder AM was to be appointed to the CEFC Board.

On 17 April 2013, all Low Carbon Australia staff transferred to the CEFC in accordance with a service agreement but continued to render day-to-day management of the Company at the direction of the Low Carbon Australia Board.

Under the Constitution, the Company is governed by a Board of Directors. The Corporations Act, the CAC Act, the Company Constitution and the Board Charter define Director responsibilities.

Directors are appointed by the Minister in accordance with established Cabinet procedure, based on the recommendations of the Board's Nomination and Remuneration Committee.

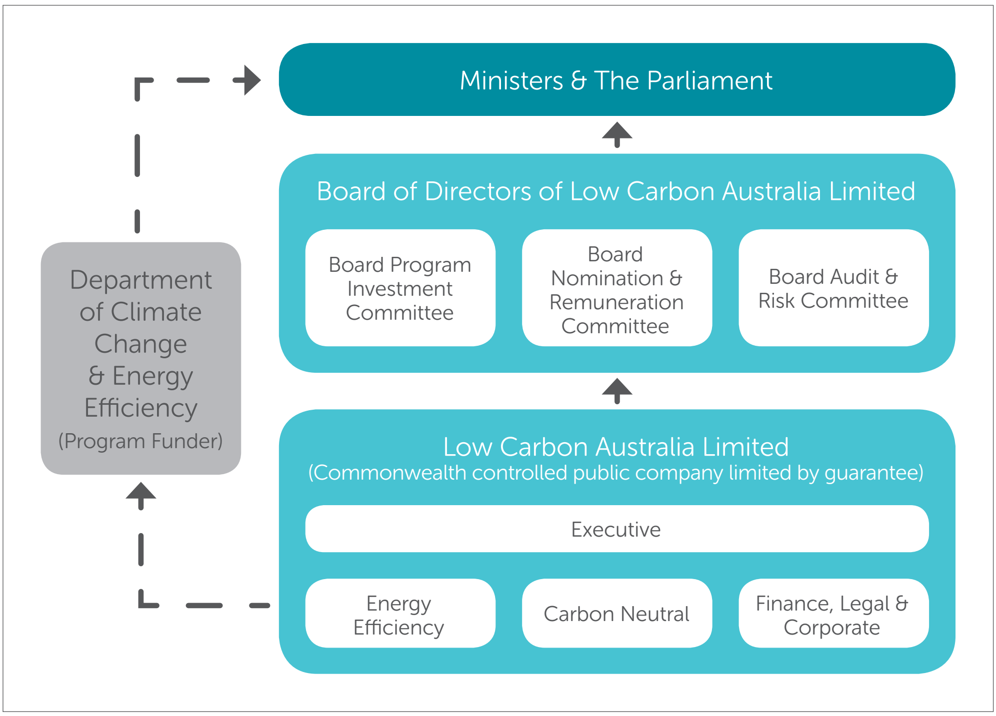
Prior to the transfer of staff to the CEFC in April 2013, the Board delegated responsibility for the day-to-day management of the Company to an Executive. As with other employees, the Executive continued to render management services at direction of the Low Carbon Australia Board post their employment transfer to the CEFC.

The diagram below explains the governance arrangements up to April 2013.

Subsidiaries

In the 2012-13 year Low Carbon Australia Limited had no subsidiaries within the meaning of that term as defined in the Corporations Act.

Figure 6: Diagram explaining Low Carbon Australia's organisational structure (as at 31 May 2013).



Please note the Carbon Neutral Program returned to direct Australian Government administration on 31 May 2013, and that the former Department of Climate Change and Energy Efficiency functions were exercised by DIICCSRTE from 26 March 2013. The remaining functions under the Funding Deed were terminated by an agreement executed 25 June 2013.

Information About Directors and Director Remuneration

The Board of Directors of Low Carbon Australia Limited during the 2012-13 year. (L-R) Tony Coleman, Linda Nicholls, Martijn Wilder, Tanya Cox, Don Matthews. *Not pictured: Mike Rann (resigned 30/10/2012).*

As at 30 June 2013, the Board of Low Carbon Australia consisted of 5 Directors:

- Mr Martijn Wilder AM (Chair)
- Mr Tony Coleman
- Ms Tanya Cox
- Mr Don Matthews; and
- Mrs Linda Nicholls AO.

All Directors are independent non-executives. Director biographies and attendance records are reported in the Directors' Report (pages 78-84).

Board Changes in the Reporting Period

Low Carbon Australia began the financial year with six directors. Chair of the Board, the Hon. Mr Mike Rann CNZM retired from the Board on 30 October 2012 to take up a posting as Australian High Commissioner to the UK and was not replaced. Mr Martijn Wilder AM was elected Chair effective from 30 October 2012.

Director Terms of Office

The table below outlines the term of office for each director who served during the year.

Table 6: Low Carbon Australia Directors in the 2012-13 year

Director Name	Appointed	Expiry of Term	Additional Notes
Anthony Coleman	14 January 2010	13 January 2015	
Tanya Cox	1 June 2011	31 May 2014	
Donald Matthews	14 January 2010	13 January 2015	
Linda Nicholls AO	1 June 2011	31 May 2014	
Mike Rann CNZM	14 May 2012	30 October 2012	Chair of the Board 20/06/2012-30/10/2012
Martijn Wilder AM	14 January 2010	13 January 2015	Chair of the Board 30/10/2012-Present

Director Remuneration

Director remuneration is set by determination of the responsible Minister – the Minister for Climate Change and Energy Efficiency.

Further information about Directors and Director remuneration is available in Part 3 of this Report (see Directors' Report at pages 78-84, and Notes 23 & 24 of the Notes to the Financial Statements beginning at page 116).

Board Committees

In accordance with the Company's Constitution, the Board has formed Committees to assist it in its work. Three Committees have been formally established and chartered to assist the Board, as outlined in the table below:

Table 7: Low Carbon Australia Board Committees in the 2012-13 year

Committee	Main responsibilities
Nomination and Remuneration Committee	• Director selection and appointment processes • Director performance evaluation processes and criteria • Board composition • CEO and Executive remuneration • Succession planning for the Board, CEO and other senior executives
Audit and Risk Committee	• Integrity of external financial reporting and financial statements • Appointment, remuneration, independence and competence of external auditors • Reviewing the performance of the internal and external audit functions • Oversight of system of risk management and internal controls • Ensuring management has implemented appropriate systems and procedures for compliance with applicable legal and regulatory requirements
Program Investment Committee	• Review and recommendation to the Board for approval of loans and investments • Execute all documents and take actions as are necessary to enter into Board approved loans • Review and approve guidelines governing the Company's investment portfolio and monitor compliance with the same • Review and approve guidelines regarding use of structured finance products and monitor compliance with these policies • Review and approve investment benchmarks or other measures to monitor investment performance of the portfolio

Board Committee Membership

Committee Meetings are open to all Board Members to attend, but only Committee Members have voting rights.

Each of the Board Members is a member of the Program Investment Committee which is presided over by the Chair of the Board. At present, each Board Member participates on one of the other Board committees as a committee Chair or Member. Further information about Board Committee Membership and attendance records is available in the Directors' Report at Part 3, pages 78-84.

Education and performance review processes for directors

The Board Nomination and Remuneration Committee is chartered with responsibility for Director education and review processes. Following the AGM with Minister Combet of November 2012, the intention of the Australian Government was for the Company to transfer the Low Carbon Australia portfolio to the CEFC and wind down the Company. In these circumstances, the Board chose not to undertake any new Director education and review processes during the year.

Information about Executives & Executive Remuneration


The Low Carbon Australia Executive: L-R CEO Meg McDonald, CFO Andrew Powell

Prior to August 2012, Low Carbon Australia consisted of an Executive of three[1] and between August 2012 and April 2013, Low Carbon Australia consisted of an Executive of two. On 17 April 2013, the Executive staff transferred to the CEFC and rendered a management function back to Low Carbon Australia, under which Ms McDonald and Mr Powell continued to provide service as the Low Carbon Australia executive to the Board.

Chief Executive Officer (to April 2013)

Meg McDonald was appointed as CEO of Low Carbon Australia in March 2010 and has had significant career experience in business and carbon policy. Ms McDonald had roles with Alcoa as President of Alcoa Foundation and Director – Global Issues, Alcoa Inc. in New York and General Manager – Corporate Affairs for Alcoa in Australia. Before joining Alcoa, she was a senior Australian diplomat, holding roles including Australia's Deputy Ambassador to the United States, and as Australia's Ambassador for the Environment in 1997-98, where she was lead negotiator for the Kyoto Protocol. Ms McDonald holds an Honours Degree in Applied Science from the University of NSW.

Chief Financial Officer (to April 2013) & Company Secretary

Mr Powell has over 25 years of business experience in Australia and overseas, working within industry and public accounting, undertaking mergers and acquisitions, public listings, and transaction and deal structuring.

In March 2010, Mr Powell was appointed as CFO responsible for Finance, IT, HR, and Legal as well as Company Secretary. Prior to this, Mr Powell spent 8 years as the Senior Vice President of Finance at Symyx Technologies Inc. in California. Mr Powell is a member of the Institute of Chartered Accountants in Australia holds a Bachelor of Economics from Macquarie University and is a Board Member and Chair of the Finance, Risk, Audit and Compliance Committee of Scripture Union Queensland, the largest employer of school chaplains in Australia.

As at 30 June 2013, Andrew remained Low Carbon Australia's Company Secretary.

Executive Remuneration

Executive remuneration is determined by the Low Carbon Australia Board and information about Executive Remuneration is available in Part 3 of this Report (see Note 24 of the Notes to the Financial Statements at page 117).

[1] Chief Operating Officer, Cath Bremner resigned in August 2012. This was reported on in the 2011-12 Low Carbon Australia Annual Report.

Low Carbon Australia's Vision, Mission and Values and Statement on Ethics

The Staff, Executive and Board of Low Carbon Australia have adopted a formal statement of Low Carbon Australia's Vision, Mission and Values. These are reproduced below.

Our Vision

A sustainable low carbon and energy efficient Australia.

Our Mission

Our innovative financial solutions, advice and expertise enable business and communities to adopt clean energy technologies and efficient energy practices.

Through partnerships and performance we open doors to private sector investment in sustainable economic growth, creating value and accelerating the move to a low carbon future.

We administer the Carbon Neutral Program under the National Carbon Offset Standard – the leading national framework for carbon neutrality in products, services and organisations.

Our Values

Trust: Our relationships are founded on integrity and excellence

Leadership: We lead by example and work in partnership to empower and inspire others

Innovation: We create unique solutions for a low carbon economy

Teamwork: We achieve more by working together

Sustainability: We create business success which is good for the environment and the community

Courage: We have the strength to achieve our goals

Ethics & Risk Management Policies

Low Carbon Australia is an ethical company that seeks to live by its values. The Company has adopted a formal Code of Conduct and Code of Ethics.

There is inherent risk in offering finance for greenhouse gas abatement and energy efficiency.

The Board of Low Carbon Australia has established an extensive framework for corporate governance and sound risk management that reflects our corporate values and embeds integrity into all we do. Low Carbon Australia's internal and Board controls are enmeshed with the process for external oversight, as Figure 7 overleaf refers.

This includes:

- The establishment of robust, regularly reviewed corporate policies and procedures
- Board approved Business Plan, Investment Policy and individually approved investments
- Adoption of the Australian National Audit Office's program implementation framework (Figure 8 on page 71)
- A Board established, monitored, reviewed and maintained risk appetite and risk management policy
- Board review and oversight of risk register; and
- Up until April 2013, induction training of all new employees, and regular ongoing training for existing employees on key areas such as competition and consumer law, anti-money laundering and counter-terrorism financing, privacy, issues and complaints handling, occupational health and safety and information management.

Figure 7: The Low Carbon Australia Governance Framework. Low Carbon Australia embeds its legal obligations into everyday practice to ensure sound, ethical governance. Elements of the Framework are explained in further detail above and below.

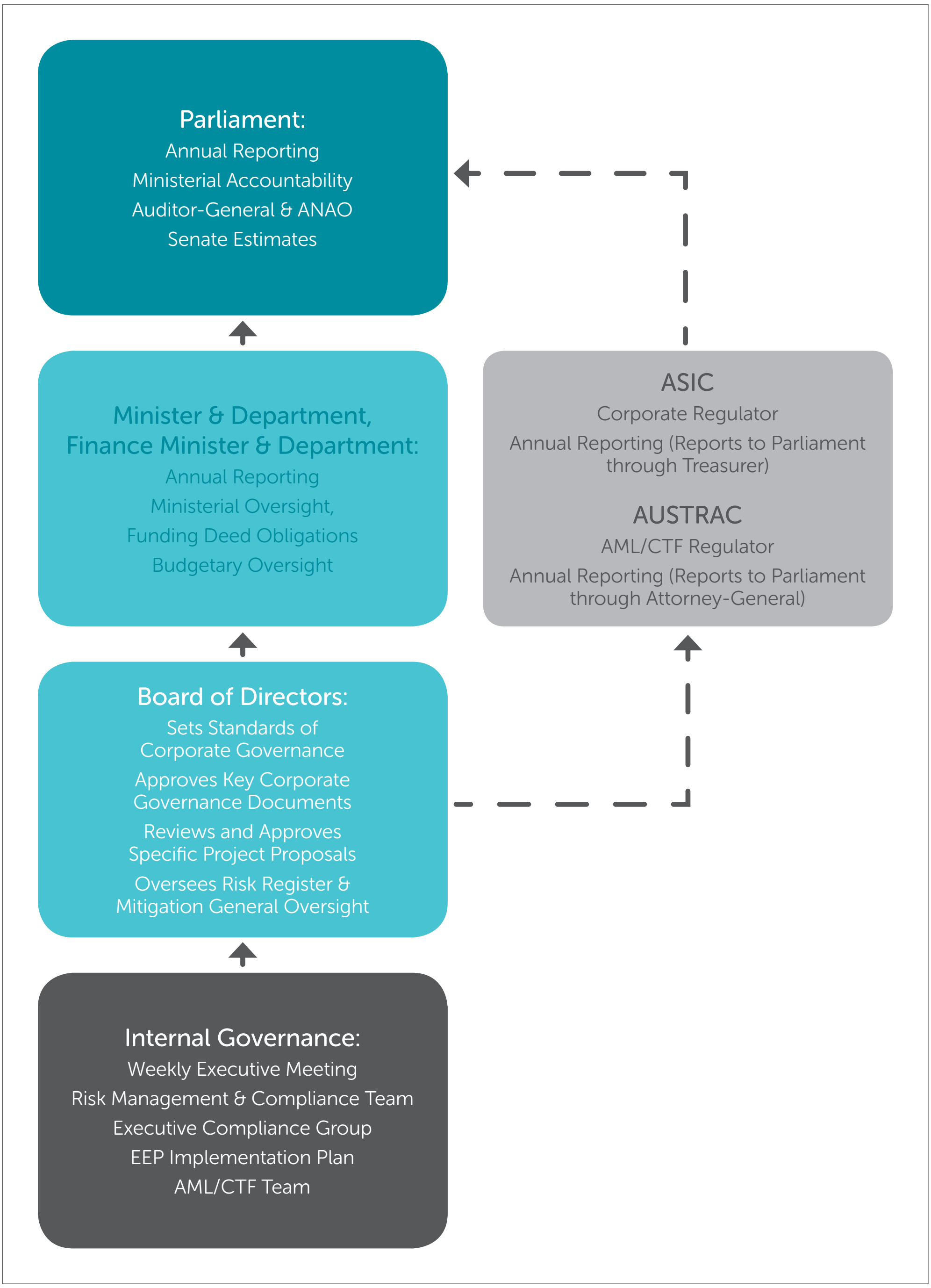


Figure 8: the ANAO's Implementation Framework. Note that in applying the framework to Low Carbon Australia the 'Policy Development' triangle at the top of the pyramid remains the responsibility of the Australian Government as Program funder (outside of setting internal Company policy). Source: ANAO

Further information about risk management processes can be found in the Director's Report at page 80 and at Note 3 in the Notes to the Financial Statements (page 99).

Information About Related Entity Transactions

Integration of Low Carbon Australia into the Clean Energy Finance Corporation (CEFC)

Low Carbon Australia has undertaken extensive related party transactions during the reporting period, reflecting the integration of the company into the CEFC as part of the establishment of that Corporation.

On 19 December 2012, the Boards of Low Carbon Australia and the CEFC and the Australian Government announced an intention to integrate the existing Low Carbon Australia business into the CEFC. The Australian Government determined that this should be achieved by a transfer of staff and a gift of assets (including novated loans) to the CEFC, and winding up of the remaining Low Carbon Australia entity.

In this context and also on 19 December 2012, the Australian Government announced that the Chair of the Board of Low Carbon Australia, Mr Martijn Wilder AM was to be appointed to the CEFC Board.

Various related entity transactions were undertaken by the Low Carbon Australia Board in furtherance of the establishment of the CEFC and the Australian Government's determination that this includes the staff and assets of Low Carbon Australia. These are described at page 115 within the Financial Statements and Notes.

Related entity transactions generally

The Low Carbon Australia approach to dealings with related entities is governed firstly by the procedures of the Corporations Act and CAC Act, and then by the Board Audit and Risk Committee which is chartered to review all related party transactions. Board members disclose their standing interests to the other Directors and conflicts of interest are managed strictly in accordance with the law.

Declarations of new conflicts of interest are a standing item at every Board meeting. Where the relation to the other entity is via a Director, the Director takes no part in the decision on whether to enter the transaction or decline.

Individual related entity transactions are disclosed in accordance with the relevant standards in the Financial Statements and Notes at Note 22 on page 115.

Ministers, Parliament and Other Statutory Requirements

Low Carbon Australia reports to the Parliament through its responsible Ministers.

During 2012-13, Low Carbon Australia reported to the then-Minister for Climate Change and Energy Efficiency, the Hon. Greg Combet AM MP, and to the then-Parliamentary Secretary for Climate Change and Energy Efficiency, the Hon. Mark Dreyfus QC MP (until February 2013).

Under the *Acts Interpretation Act 1901*, Ministers may delegate their functions to other Ministers and the then Minister for Climate Change and Energy Efficiency delegated responsibility to Parliamentary Secretary Dreyfus for this purpose.

Until February 2013, for most purposes Low Carbon Australia reported to the then Parliamentary Secretary through delegated responsibility of the then Minister for Climate Change and Energy Efficiency. After this time, the Minister exercised his functions directly.

After the reporting period the Federal election was held on 7 September 2013. Following the election, a new government was sworn in on 18 September 2013, with the responsible minister being the Minister for the Environment, the Hon. Greg Hunt MP.

Including the reporting period the ministerial arrangements for Low Carbon Australia were as follows:

Period	Responsible Ministers
1 July 2012 to 4 February 2013	The Hon Greg Combet MP, Minister for Climate Change and Energy Efficiency The Hon Mark Dreyfus QC MP, Parliamentary Secretary for Climate Change and Energy Efficiency
4 February 2013 to 1 July 2013	The Hon Greg Combet MP, Minister for Climate Change and Energy Efficiency (until 25 March 2013), Minister for Climate Change, Industry and Innovation (25 March 2013 – 1 July 2013)
1 July 2013 to 18 September 2013	The Hon Mark Butler MP, Minister for Climate Change
From 18 September 2013	The Hon Greg Hunt MP, Minister for the Environment

Budget & Estimates

During 2012-13, Low Carbon Australia Limited was classified by the then Department of Finance and Deregulation as a General Government Sector body.

There were no appropriations to Low Carbon Australia in the reporting period.

Appropriations that have been made available for use by Low Carbon Australia in previous years have occurred via the then Department of Climate Change and Energy Efficiency through the then Climate Change and Energy Efficiency portfolio.

Low Carbon Australia also attends Senate Estimates through the Senate Environment and Communications Legislation Committee.

Ministerial Powers of Direction

Under Low Carbon Australia Limited's Constitution there is no formal capacity for a general power of Ministerial Direction (instead, this type of power is exercised via Member resolutions – see below).

Member Resolutions

Under Low Carbon Australia's Constitution the Minister of Climate Change and Energy Efficiency (now Minister for the Environment) as representative of the sole member of the Company (the Commonwealth of Australia) may pass resolutions to give effect to the wishes of the Australian Government.

During the financial year two resolutions were passed by the then Minister for Climate Change and Energy Efficiency:

Date	Purpose
13 November 2012	Adoption of the Minutes of the 2011-12 AGM
25 June 2013	Delete and replace article 19.2 of the LOW CARBON AUSTRALIA Constitution relating to the application of funds on dissolution or winding up of the Company (to clarify that funds may be distributed to the CEFC on winding up of the Company)

Details of General Policies of the Australian Government, or General Policy Orders Applicable Under Section 43 *Commonwealth Authorities and Companies Act 1997*.

As Low Carbon Australia did not exist until 14 January 2010, there are no General Policies of the Australian Government that were notified to the Company before 1 July 2008.

There are no General Policy Orders which apply to the Company under section 43 of the *Commonwealth Authorities and Companies Act 1997*.

During the year, the Australian Government published *Australian Government Protocols Governing the Engagement Between Commonwealth Bodies and the Parliamentary Budget Officer*, and Low Carbon Australia was consulted by the then Treasurer on applicability of a draft General Policy Order to the Company.

While Low Carbon Australia understands the draft General Policy Order was not made prior to the 9 September 2013 election, the Company recorded its agreement that the Parliamentary Budget Office (PBO) will make an important contribution to the development of public policy. Mindful of the protocols referred to above, Low Carbon Australia has cooperated with the PBO on each occasion when requests have been made of it.

Commonwealth Authorities and Companies Act 1997 Compliance Report

The Directors of Low Carbon Australia are required to produce a report addressing compliance with the *Commonwealth Authorities and Companies Act 1997* for the preceding year. Directors are also required to certify in the report that costs for the forthcoming financial year are forecast to be within its estimated sources of external receipts.

The 2012-13 Certificate of Compliance was signed on 14 October 2013 and presented to the Minister on or before 15 October 2013.

Other Legislation

Other legislation can require reporting on additional matters in the annual report. A complete list of Annual Reporting requirements is available in the Index of Annual Report Requirements at page 133.

Key activities and changes affecting the Company

Significant Events Under Section 40 of the *Commonwealth Authorities and Companies Act 1997*

Section 40 of the CAC Act was amended during the reporting period.

As it was structured during the reporting period, section 40 of the CAC Act (prior to the commencement of the relevant provisions of the *Financial Framework Legislation Amendment Act (No.1)* 2012) required the Low Carbon Australia Board to formally notify the Minister if the Board 'proposed' to perform any of the significant events identified in that section (after the commencement the Board was required to report when it 'decided to do').

Low Carbon Australia reported one proposal as a 'significant event' in the reporting period. Due to changed commercial considerations, the proposal did not proceed any further and did not in fact eventuate.

Amendments to the Company's Constitution and to any Relevant Legislation

There was an amendment to the Company's Constitution during the reporting period to clarify that the assets of the Company may be distributed to the CEFC upon a dissolution or winding up of the Corporation. See 'Member resolutions' for more information above.

There is no legislation that specifically applies to Low Carbon Australia by name.

Changes to the Membership structure of the Company

There were no changes to the membership structure of the Company and Low Carbon Australia remains limited by guarantee with a sole Member (the Commonwealth of Australia which during the reporting period was represented by the then Minister for Climate Change and Energy Efficiency).

Judicial Decisions and Reviews by Outside Bodies

Judicial and Administrative Tribunal Decisions

In 2012-13, there were no judicial decisions or decisions of administrative tribunals that have had or may have significant impact on the operations of the Company.

Reports on the Operations of the Company by Other External Review Bodies

Auditor-General

There were no reports on the operations of the Company by the Auditor-General in the 2012-13 year, other than the Independent Auditors Report as required by the CAC Act & the Corporations Act. A copy of the Independent Auditor's Report is included in this Annual Report at pages 121-2.

Parliamentary Committees

There were no reports of Parliamentary Committees in the 2012-13 year which included an examination of the operations of Low Carbon Australia.

Office of the Commonwealth Ombudsman

There were no reports on the operations of the Company by the Office of the Commonwealth Ombudsman in the 2012-13 year.

Office of the Australian Information Commissioner

There were no reports on the operations of the Company by the Office of the Australian Information Commissioner in the 2012-13 year.

Australian Securities and Investments Commission (ASIC)

There were no reports on the operations of the Company by the Australian Securities and Investments Commission in the 2012-13 year.

Australian Charities and Not-for-Profits Commission (ACNC)

Low Carbon Australia is a charitable organisation registered with the ACNC. There were no reports on the operations of the Company by the ACNC during the financial year.

Australian Transaction Reports and Analysis Centre (AUSTRAC)

There were no reports on the operations of the Company by the Australian Transaction Reports and Analysis Centre in the 2012-13 year.

‘Our assistance will improve energy productivity and reduce costs in businesses from industries battling the impacts of rising energy costs and the high Australian dollar.’

Martijn Wilder AM, Chairman, Low Carbon Australia

PART THREE

Financial Statements and other Statutory Reports

Low Carbon Australia Limited
Directors' Report

Principal Activities

The principal activities of Low Carbon Australia Limited ('the Company') are to provide finance and advice to Australian businesses and the wider community under innovative programs to catalyse investment in take-up and use of energy-efficient technologies and practices for cost-effective carbon reductions. The Company was established on 14 January 2010 and commenced significant operations on 15 March 2010.

Significant changes in the state of affairs

During the year, the Boards of both the Company and the Clean Energy Finance Corporation ('the CEFC'), a related entity, announced an in-principal agreement on the merger of the Company's energy efficiency programs, staff, systems and platforms into the CEFC. This merger was endorsed by the Australian Government on 19 December 2013. Further information is provided in Note 2 Events after balance date.

Responsibility for the National Carbon Offset Standard Carbon Neutral ('NCOS CN') Program was transferred to the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education ('DIICCSRTE') on 31 May 2013.

Short and Long Term Objectives of the Company

The object of the Company has been to act for public charitable purposes, including the principal purpose of preserving and enhancing the Australian natural environment by supporting households, business, non-government and government organisations take action to increase energy efficiency and reduce carbon emissions.

The short-term objectives of the Company have been successfully completed during 2012-13 and included:

- its program of energy efficiency and green house gas ('GHG') abatement investments and associated obligations as required by Deed signed with the Department of Industry, Innovation, Climate Change, Science Research and Tertiary Education
- administration of the NCOS CN Program and associated obligations as required by Deed signed with the then Department of Climate Change and Energy Efficiency
- core administrative funding obligations as required by Deed signed with the then Department of Climate Change and Energy Efficiency; and
- working co-operatively with the CEFC to assist it during its establishment to incorporate the Company's energy efficiency programs, staff, systems and platforms into that entity.

In summary, Low Carbon Australia Limited's strategy to achieve the objectives has been to:

- demonstrate the commercial value in investing in cost-effective energy efficiency and GHG abatement
- work with the finance sector to seek additional leverage, innovate, develop and aggregate demand for financial products that address the challenges to energy efficiency and GHG abatement
- promote the benefits of energy efficiency and GHG abatement investment
- support businesses in their efforts to achieve carbon neutrality and work with them to promote the benefits of carbon neutral goods, services and products throughout the community; and
- work effectively and efficiently to achieve the above.

Measurement of Performance

In addition to ordinary measures of financial performance and providing finance through a commercial filter seeking a return as is appropriate and in accordance with Objects and principal purpose, the Company has measured its performance according to formal criteria specified in the Head Funding Deed signed with the Australian Government Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education. These are as follows:

i) Energy Efficiency Program:

   a. Cost per tonne of GHG abatement ($/tCO2e) calculated portfolio wide across the first five years of the Program; and

   b. Multiplier effect (i.e. of non-LCAL funds leveraged) calculated portfolio-wide across the first five years of the Program.

ii) NCOS CN Program:

   a. Financial: Movement towards cost recovery over the life of the program

   b. Program growth: Number of clients participating and number and range of certified products or organisations continue to grow over life of the Program; and

   c. Familiarity with and favourability of the Program: The Program is understood and valued by NCOS participants.

Operating and Financial Review

During 2012-13 the Company continued investing in energy efficiency and GHG abatement projects in the commercial building retrofit and industry sectors. The Company saw a significant increase in loan drawdowns of $27,868,000 (2012: $2,960,000) and the associated increase in interest from loans.

The Company also retained responsibility for the administration of the NCOS CN Program, for which it charged NCOS CN participants an annual certification fee. With the in-principal merger agreed with the Clean Energy Finance Corporation, the Company's responsibility for administration of the NCOS CN Program, ceased on 31 May 2013.

Operating Results for the Year

The net result of the Company for the year ended 30 June 2013 was a profit of $70,240,000 (2012: $8,419,000).

Liquidity and capital resources

The cash flow statement illustrates that there was an increase in cash and cash equivalents in the year ended 30 June 2013 of $46,385,000 (2012: a decrease of $32,893,000). This positive increase resulted from several movements which are explained below.

Operating activities used $8,775,000 (2012: $6,155,000) of net cash flows. This increase in comparison to 30 June 2012 is largely due to increases in payments to suppliers and employees as the Company reached full capacity during the year.

There was a net increase in the cash flows from investing activities of $55,160,000 ($2012: net decrease of $26,738,000). The main movements here, which offset each other, were:

- A reduction in short-term investments of $77,072,000 (2012: increase of $29,072,000) in preparation for the transfer of the net assets of the Company to the Clean Energy Finance Corporation in July 2013; and
- An increase in loans advanced of $27,868,000 (2012: $2,960,000) as loans negotiated by the Company were drawn down by customers.

Capital expenditure

There has been a decrease in cash used to purchase property, plant and equipment in 2013 to $25,000 from $125,000 for the year ended 30 June 2012. Purchases were mostly for computer equipment. Intangible assets purchased during the year related to computer software and amounted to $26,000 (2012: $32,000). There were no significant capital commitments in existence at the reporting date.

Risk Management

The Company has taken a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has established a separate audit and risk committee which meets regularly to assess and review the Company's response to issues and risks identified and reports back to the Board.

The Board has a number of mechanisms in place to ensure that Management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic business plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature
- Regular reports from Management on specific business risks; and
- The establishment of an audit and risk committee, which assists in discharging the Board's responsibility to manage the Company's financial and operational risks and monitors Management's actions to ensure they are in line with Company policy.

Significant events after the balance date

On 1 July 2013 the Company transferred its net assets by way of a gift to the Clean Energy Finance Corporation – a related entity. These assets included a right to the Company's investment portfolio, cash to meet future obligations under loan agreements that are being novated to the Clean Energy Finance Corporation, furniture and fittings, office equipment and computer related equipment and software and a right to any surplus cash on wind-up of the Company. The Clean Energy Finance Corporation has agreed to assume the future obligations under the Company's operating lease for the Brisbane facility currently occupied by the Clean Energy Finance Corporation including lease payments and make good obligations.

Likely developments and expected results

The Company will incur a small amount of costs in the 2013-14 financial year as it goes through the process of settling all outstanding liabilities, transferring its assets to the CEFC and commencing procedures with ASIC to have the company de-registered.

Directors

The names and details of the Company's Board of Directors are as follows:

the Hon Michael Rann CNZM, Director and Chairman of the Board,
appointed 14 May 2012, resigned 30 October 2012

Martijn Brian Daniel Wilder AM, Director, appointed 14 January 2010,
appointed Chairman of the Board on 30 October 2012

Anthony Maxwell Coleman, Director, appointed 14 January 2010

Donald Matthews, Director, appointed 14 January 2010

Tanya Lee Cox, Director, appointed 1 June 2011; and

Linda Bardo Nicholls AO, Director, appointed 1 June 2011.

Directors' Experience and Special Responsibilities

Martijn Wilder AM is a Partner with Baker & McKenzie and established and heads their Global Environmental Markets and Climate Change practice. Mr Wilder is also Director of the Clean Energy Finance Corporation and an Adjunct Professor of Climate Change Law at the Australian National University and an Affiliate of the Cambridge Centre for Climate Change Mitigation Research, Department of Land Economy, University of Cambridge. His other roles include Chair of the NSW Government's Climate Change Council, being on the Governing Board of the International Renewable Energy and Energy Efficiency Partnership (REEEP), a founder member of the Renewable Energy and International Law Project (REILP), a Director and Governor of the World Wildlife Fund (WWF) (Australia), and on the Advisory Group of the Climate Institute.

Mr Wilder holds a Bachelor of Economics (Hons) from the University of Sydney, LLB Honours from the Australian National University, LLM from the University of Cambridge and has studied at the Hague Academy Centre for Studies and Research in International Law and International Relations. He is also a Graduate of the Australian Institute of Company Directors.

Anthony (Tony) Coleman is an Executive Director of Lonergan Edwards & Associates (LEA), a specialist corporate advisory firm which provides independent valuation and commercial advice. Mr Coleman is also a Director of AMP Life Ltd and a member of the Advisory Boards of both the Macquarie University Business and Economics Faculty and the Australian National University's Climate Change Institute. Mr Coleman was the Chief Risk Officer & Group Actuary of Insurance Australia Group (IAG) from 2000 until 2008 and a corporate advisory partner of PricewaterhouseCoopers for 15 years prior to joining IAG. He is also a former President of the Institute of Actuaries of Australia (IAAust) and a former winner of the IAAust's Actuary of the Year award. He also holds active roles working with both the International Accounting Standards Board and the International Actuarial Association.

Mr Coleman has been active in promoting a better understanding of global warming and climate change through working with the World Wildlife Fund (WWF) as a member of the Australian Climate Group and with the Australian Conservation Foundation on initiatives that have included the Australian Business Roundtable on Climate Change in 2006. Mr Coleman is also a Director of the Antarctic Climate & Ecosystem Co-operative Research Centre (ACE-CRC).

Mr Coleman is a Fellow of the Australian Institute of Company Directors, the Institute of Actuaries of Australia and the Institute of Actuaries (UK). He holds BA and MBA degrees from Macquarie University in Sydney. Mr Coleman also serves as the chair of the Company's Audit and Risk Committee.

Donald (Don) Matthews is currently a Director of Don Matthews and Associates and is the Immediate Past National President for the Australian Industry Group.

Mr Matthews rejoined Amcor Australasia as the Chief Operating Officer in 2008, having worked for the company in various Human Resource roles from 1989 to 1999. Prior to his return to Amcor, Mr Matthews was Chief Operating Officer for Carter Holt Harvey's tissue business and in 2004 became President of SCA Hygiene Australasia, a leading FMCG company focused on tissue and personal care products. Mr Matthews had previously been Victorian President and National Deputy President for AiGroup and was a Board Member of the Australian Food and Grocery Council. Mr Matthews was also formerly a member of the Federal Government's Pulp & Paper Industry Innovation Council.

Mr Matthews has formal qualifications in secondary school teaching.

Tanya Cox has over 25 years of experience in the finance industry, is the Executive General Manager Property Services and Chief Operating Officer of DEXUS Property Group and is responsible for the tenant and client service delivery model, corporate responsibility and sustainability practices, information technology solutions and company secretarial services across the Group.

Prior to joining DEXUS in July 2003, Tanya held various general management positions over the previous 15 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager–Finance, Operations and IT for Bank of New Zealand (Australia). Tanya is a Member of the Property Council of Australia National Risk Committee, Chair of Australian Athletes With a Disability Limited and a non-executive director of a number of not-for-profit organisations.

Tanya is a Member of the Australian Institute of Company Directors and is Fellow of the Institute of Chartered Secretaries & Administrators (ICSA) and Chartered Secretaries Australia (CSA). Tanya has an MBA from the Australian Graduate School of Management and a Diploma in Applied Corporate Governance. Tanya was a finalist in the 2005 NSW Telstra Business Woman of the Year Awards.

Linda Nicholls AO is a corporate advisor and a director of a number of leading Australian companies and organisations. She is Chair of Yarra Trams, and a Director of Fairfax Media, and Sigma Pharmaceutical Group. She was a Director of the Australian Institute of Company Directors until 3 July 2012 when she reached the maximum term of appointment. Previously she was Chair of Healthscope, Chair of Australia Post, and a Director of St George Bank.

Mrs Nicholls is a Director of The Walter and Eliza Hall Institute of Medical Research. She runs her own corporate advisory practice specialising in business strategy in financial services and health care.

Mrs Nicholls has an MBA from Harvard Business School and more than 30 years' experience as a senior executive and company director in Australia, New Zealand and the United States.

Company Secretary

Andrew Powell was appointed Company Secretary on 24 March 2010. Mr Powell is a Chartered Accountant, holds a Bachelor of Economics and is the Chief Financial Officer of the Clean Energy Finance Corporation. Mr Powell has more than 25 years of experience in business, including 10 years in Northern California, 8 of which he was the Senior Vice President & Corporate Controller for a public NASDAQ listed company.

Interests in the shares of the Company

The Company is limited by guarantee and has no issued share capital. The Company has one Member – the Commonwealth of Australia represented by the Minister for the Department of Climate Change and Energy Efficiency. Accordingly, the Directors have no interests in shares of the Company and are not Members of the Company. If the Company is wound up, the Constitution states that each Member is required to contribute a maximum of $10 towards meeting any outstanding obligations of the Company. At 30 June 2013, the collective liability of Members was $10.

Dividends

As a company limited by guarantee, the Company cannot declare or pay dividends.

Corporate Information

Low Carbon Australia Limited is a company limited by guarantee that is incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Level 8, 140 Ann Street, Brisbane QLD 4000.

Indemnification and Insurance of Directors and Officers

The Company has indemnified its Directors and Officers against any liability in respect of claims or legal costs and expenses in defending claims, or undertaking proceedings, that may arise in their capacity as a Director or Officer of the Company.

During the year the Company paid insurance premiums to Comcover to indemnify its Directors and Officers for the professional risks associated with their responsibilities and role as Director or Officer.

As at 30 June 2013, no claims have been made.

Directors' Meetings Attendance

The number of meetings attended by each director is shown below.

Director	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mike Rann CNZM	5	5	-	-	-	-
Martijn Wilder AM	14	12	4	4	2	2
Anthony Coleman	14	12	4	4	-	-
Tanya Cox	14	14	4	4	-	-
Donald Matthews	14	13	4	4	2	2
Linda Nicholls AO	14	12	-	-	2	1

Committee Membership

As at the date of this report, the Company had an Audit and Risk Committee, a Nomination and Remuneration Committee, and a Program Investment Committee. During the reporting period the Program Investment Committee did not meet.

Members acting on the committees of the Board during the year were:

Audit and Risk Committee	Nomination and Remuneration Committee
Anthony Coleman (c)	Martijn Wilder AM (c)
Donald Matthews	Donald Matthews
Martijn Wilder AM	Linda Nicholls AO
Tanya Cox	

(c) Designates the chair of the committee

Environmental Issues

Low Carbon Australia Limited's operations are not subject to any particular and significant environmental regulation under the law of the Commonwealth or of a state or territory.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 [where rounding is applicable and where noted ($'000)] under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the Class Order applies.

Auditor Independence

The Directors received an independence declaration from the Auditor-General. A copy of the declaration has been included with the financial report.

Non-Audit Services

No non-audit services have been provided by the Auditor-General or the Australian National Audit Office.

Signed in accordance with a resolution of the Directors:

Martijn Wilder AM
Chairman
3 September 2013
Sydney

Anthony Coleman
Director
3 September 2013
Sydney

Low Carbon Australia Limited
Statement of Financial Position

As at 30 June 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	63,958	17,573
Short-term investments	6	–	77,072
Loans and receivables	7	1,616	97
Trade and other receivables	8	422	797
Other current assets	9	–	44
Total Current Assets		**65,996**	**95,583**
Non-Current Assets			
Loans and receivables	7	23,543	1,902
Refundable deposits	10	58	28
Property, plant and equipment	11	520	739
Intangibles	12	38	44
Other Investments	13	300	300
Total Non-Current Assets		**24,459**	**3,013**
TOTAL ASSETS		**90,455**	**98,596**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	280	858
Provisions	15	284	195
Deferred revenue	1(e)	334	80,960
Total Current Liabilities		**898**	**82,013**
Non-Current Liabilities			
Other payables	16	90	163
Provisions	17	3,428	621
Total Non-Current Liabilities		**3,518**	**784**
TOTAL LIABILITIES		**4,416**	**82,797**
NET ASSETS		**86,039**	**15,799**
EQUITY			
Retained Earnings		86,039	15,799
TOTAL EQUITY		**86,039**	**15,799**

The above statement of financial position should be read in conjunction with the accompanying notes.

Low Carbon Australia Limited
Statement of Comprehensive Income

for the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Revenue			
Commonwealth Government funding	4	80,540	10,966
Sales of goods and services – external parties		248	208
Sales of goods and services – related party		73	–
Interest		4,333	5,553
Amortisation of concessional loan discount		399	145
Total revenue		**85,593**	**16,872**
Expenses	5		
Employee expenses		4,941	4,214
Program expenses		1,672	1,688
Marketing and communication expenses		240	451
Administrative expenses		952	497
Occupancy expenses		241	289
Concessional loan discount		6,987	1,247
Impairment losses on loans and receivables		317	61
Interest on building make good		3	6
Total expenses		**15,353**	**8,453**
Profit from continuing operations before income tax		70,240	8,419
Income tax expense	1(g)	–	–
Net profit for the year		**70,240**	**8,419**
Total comprehensive income for the year		**70,240**	**8,419**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Low Carbon Australia Limited
Statement of Changes in Equity

for the year ended 30 June 2013

	Retained Earnings 2013 $'000	Retained Earnings 2012 $'000	Total 2013 $'000	Total 2012 $'000
Opening balance at 1 July	15,799	7,380	15,799	7,380
Profit for the year	70,240	8,419	70,240	8,419
Total comprehensive income for the year	70,240	8,419	70,240	8,419
Closing balance at 30 June	**86,039**	**15,799**	**86,039**	**15,799**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Low Carbon Australia Limited
Statement of Cash Flows

for the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Sales of goods and services		564	353
Payments to employees		(5,516)	(3,831)
Payments to suppliers		(3,823)	(2,677)
Net cash flows from / (used in) operating activities	18	**(8,775)**	**(6,155)**
Cash flows from investing activities			
Purchase of short-term investments, net		77,072	(29,072)
Loans advanced		(27,868)	(2,960)
Principal loan repayments received		1,341	357
Loan interest received		335	12
Purchase of other investments		–	(300)
Interest received		4,331	5,382
Purchase of property, plant and equipment	11	(25)	(125)
Purchase of intangibles	12	(26)	(32)
Net cash flows from / (used in) investing activities		**55,160**	**(26,738)**
Net cash flows from / (used in) financing activities		**–**	**–**
Net increase / (decrease) in cash and cash equivalents		46,385	(32,893)
Cash and cash equivalents at beginning of year		17,573	50,466
Cash and cash equivalents at end of year	6	**63,958**	**17,573**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Index To Notes To The Financial Statements

Note 1: Summary of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

a) Basis of preparation of the Financial Statements

Low Carbon Australia Limited is a public company limited by guarantee, incorporated in Australia. The Company has one member – the Commonwealth of Australia represented by the Minister for Climate Change.

The financial statements and notes constitute the financial report required by Part 2M.3 of the *Corporations Act 2001* and section 36 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and are a general purpose financial report.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards issued by the Australian Accounting Standards Board.

The Board of Directors has received a notice from the Company's sole Member that it is the Government's intention that the operations of Low Carbon Australia Limited be integrated into the Clean Energy Finance Corporation ('CEFC') as soon as is practicably possible. The Company has also received a direction from its sole Member to formally commence wind-up procedures and enter into an agreement with the CEFC to transfer all remaining assets to the CEFC. Accordingly, the majority of staff transitioned their employment to the CEFC during the current financial year and there are no remaining employees of the Company at balance date. Furthermore the Company has entered into an agreement to commence transferring its net assets remaining after settlement of all outstanding liabilities to the CEFC from 1 July 2013, and is in the process of completing such settlements of liabilities and asset transfers. There are reasonable grounds to believe that the Company will be able to pay all its debts as and when they become due, however, given that steps have been taken towards cessation of trading, the assumption that the Company will continue operating as a going concern is no longer appropriate. Since the business and operations carried on by the Company will continue in the ordinary course under the CEFC, the Financial Statements have been prepared in accordance with Australian Accounting Standards.

The financial statements have been prepared on an accrual basis and are prepared in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in net income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The Company was established as Australian Carbon Trust Limited on 14 January 2010. Effective 8 April 2011 the Company changed its name to Low Carbon Australia Limited.

b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements, Estimates and Assumptions

In the process of applying the Company's accounting policies, Management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Concessional Loan Discount Calculations

The Company is in the business of making loans at a discount to the prevailing market equivalent rates or terms. For each investment the Company will attempt to maximise its return and provide only the level of discount from market rates/terms that is required to ensure the project proceeds, however, this typically involves the Company taking a position that is not generally offered by other market participants (e.g. longer term fixed-rate debt, sub-ordinated debt, unsecured mezzanine debt, lending to thinly capitalised or companies with less strong credit ratings, etc) and at rates that are well below those that an equivalent market participant would demand if it were to participate in this market. The Company is required to record a concessional loan discount in relation to such loans and this requires extensive judgment in determining the 'market equivalent rate' so as to ascertain the extent of the implicit discount attached to the loan.

Input taxed financial supplies

In accordance with *A New Tax System (Goods and Services Tax) Act 1999* ('GST Act') and its associated Regulations, the company is required to determine which activities it undertakes which are related to input taxed supplies. Revenue received (supplies made) will be GST free if the supply is for nominal (non-commercial) consideration in accordance with section 38-250 of the GST Act. A supply will be GST-free under section 38-250 if the consideration for the supply is less than 50% of the GST inclusive market value of the supply. This requires the company to ascertain the extent to which the services it is providing may be considered 'financial supplies' and then for those services that are considered to be financial supplies, the extent to which they are 'non-commercial', in order to determine the input tax credits available to the company. As set out under Concessional Loan Discount Calculations above, ascertaining the equivalent market rate on loans made requires a high degree of judgment, and the Company has concluded that approximately 50% of the loans that it is making may be considered 'non-commercial' in nature. Accordingly, the Company is claiming input tax credits that range from 5% on loan related activities, to 7% on general overheads costs, to 10% on NCOS Carbon Neutral Program activities.

Impairment of loans

The Company is required to ascertain the extent to which its portfolio of loans are likely to be recoverable. Given the higher risk position typically assumed by the Company in its various loans (e.g. unsecured debt, sub-ordinated or mezzanine debt, longer terms, lower credit worthiness of its customers, etc) it is considered highly likely that the Company will not fully recover 100% of the principal relating to the loans it makes, although the Company has not identified any individual loans that are not expected to be recoverable at the reporting date. The Company's loans are early in their life (of what can be 10+ year fixed terms) and the Company does not have a long history from which to ascertain the likely extent of ultimate defaults and consequential losses.

d) New accounting standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2012:

- *AASB 2011-9 Presentation of Items of Other Comprehensive Income* effective 1 July 2012
- *AASB 119 Employee Benefits (reissued)* effective 1 July 2012.

The adoption of the standards or interpretations is described below:

AASB 2011-9 Presentation of Items of Other Comprehensive Income

AASB 2011-9 amends *AASB 101 Presentation of Financial Statements* to introduce new presentation requirements for items classified within other comprehensive income.

These amounts are now grouped under two separate headings in the statement of profit or loss and other comprehensive income based upon whether they will/will not be reclassified subsequently to the profit or loss.

These amendments relate to presentation only and do not impact which items of other comprehensive income should be reclassified to profit or loss. AASB 2011-9 also makes consequential amendments to a number of Australian Accounting Standards.

AASB 119 Employee Benefits (reissued)

AASB 119 (reissued) is the result of the International Accounting Standard Board's ('IASB') project to increase the useability and comparability of post-employment benefit liabilities.

The recognition rules and definitions related to termination benefits have been revised, which could impact when entities recognise termination expenses within their financial statements.

Short-term employee benefits are now defined as employee benefits that are expected to be settled wholly within twelve months after reporting date. Previously, short-term employee benefits were defined as employee benefits due to be settled within twelve months.

AASB 119 requires retrospective application, with limited exemptions for comparative information and previously capitalised employee costs.

Future Australian Accounting Standard requirements

There have been no new or revised standards and interpretations issued by the Australian Accounting Standards Board, which are expected to have a financial impact on the entity for future reporting periods.

New and amended standards and interpretations that apply to future reporting periods and will have no material impact on the Company, have not been disclosed here.

e) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from Government

Funding received or receivable from Commonwealth agencies (appropriated to the agency as a CAC Act body payment to Low Carbon Australia Limited) is recognised as revenue from Government unless they are in the nature of an equity injection or a loan.

As a government controlled not-for-profit company, Low Carbon Australia Limited is required to recognise revenue from government funding when all of the following conditions have been satisfied:

- it gains control of the funding or the right to receive the funding
- it is probable that economic benefits comprising the funding will flow to the Company; and
- the amount of the funding can be reliably measured.

Funding received is required to be applied in accordance with the terms of the Funding Deed between the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education and Low Carbon Australia Limited. The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education has a right to cancel upon notice (without cause) the Funding Deed and receive a refund of all monies that have not been spent or committed at the date of such notice. Accordingly, amounts received are considered refundable to the Government and therefore not under the control of the Company until committed. Accordingly, all funding is treated as deferred revenue upon receipt and recognised only as non-cancellable commitments are made to spend the funding.

Revenue from rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

f) Transactions with the Commonwealth Government as owner

Amounts that are designated as equity injections are recognised directly in contributed equity in the financial period in which they are received. No equity injections were received in the period ended 30 June 2013.

g) Income tax

Low Carbon Australia Limited is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office ('ATO'). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Further details are provided in Note 1(c) under 'Input Taxed Financial Supplies'.

Payables are stated inclusive of the amount of GST payable. The net amount of GST receivable from the ATO is included as trade and other receivables in the Balance Sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to, the ATO.

i) Financial risk management

The Company's financial instruments comprise cash and cash equivalents and trade and other payables.

As a result of the nature of the Company's operations, the Company's exposure to market, credit, liquidity, and fair value interest rate risk is considered to be low.

See Note 3 for more details.

j) Loan provisioning

The Company determines whether loans are impaired on an ongoing basis. This requires estimation of the value of the future cash flows.

Specific provision

A specific provision is raised for losses that may be incurred for individual loans that are known to be impaired by assessing the recoverability against the security value.

Collective provision

Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for impairment. Based on historical loss data and current available information for assets with similar characteristics, the appropriate collective provision is raised.

Impairment losses

Impairment losses are written off in the year in which they are recognised. If a provision for impairment has been recognised in relation to the loan, write-offs are made against the provision. If no provision for impairment has previously been recognised, write-offs for impairment losses are recognised as expenses in the Statement of Comprehensive Income. Further details are provided in Note 1(c) Impairment of Loans.

k) Insurance

The Company has insured for risks through the Government's insurable risk managed fund, Comcover. In addition, Low Carbon Australia Limited has taken out worker's compensation cover through a private provider.

l) Cash, cash equivalents and short-term investments

Cash and cash equivalents includes cash at bank. This includes notes held and any deposits in bank accounts with an original maturity of 3 months or less. Cash is recognised at nominal amount.

Deposits in bank accounts with an original maturity of greater than 3 months but less than 12 months are classified as short-term investments.

m) Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transfer of accounts immediately prior to the restructuring.

n) Property, plant & equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases where there exists an obligation to restore premises to original condition. These costs are included in the value of Low Carbon Australia Limited's leasehold improvements with a corresponding provision for the 'make good' recognised.

Property plant and equipment are carried at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to Low Carbon Australia Limited using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Leasehold improvements	5 years (or the remaining lease period if shorter)
Furniture and Fittings	5 years (or the remaining lease period if shorter)
Computer Equipment	2-3 years
Office Equipment	3-5 years

Impairment

All non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Low Carbon Australia Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment.

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Low Carbon Australia Limited were deprived of the asset, its value in use is taken to be its depreciated cost.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

o) Intangibles

Low Carbon Australia's intangibles comprise software purchased for internal use. These assets are recorded at cost less any accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The estimated useful lives of Low Carbon Australia's software are 2-3 years.

All software assets were assessed for indications of impairment as at 30 June 2013.

p) Trade and other receivables

Trade and other receivables have fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. There are no non-current trade or other receivables.

Trade and other receivables primarily comprise interest receivable on short-term investments and GST receivable from the Australian Taxation Office. Receivables are non-interest bearing and their fair values approximate their carrying values. No allowance has been made for doubtful debts as there is no objective evidence that the company will not be able to collect the debts.

q) Provisions and employee benefits

Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in net income net of any reimbursement.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits:

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Paid parental leave

The National Paid Parental Leave scheme came into effect on 1 January 2012. The scheme is funded by the Australian Government and provides parental leave pay to mothers and other primary carers who have been in the paid workforce and who have a baby or adopt a child on or after 1 January 2012. Amounts received in relation to the paid parental leave scheme are held by the Company in an agent capacity. As such, receipts of such funds are not considered to be revenue for the Company, nor are payments of these amounts considered to be expenses of the Company. Transactions in relation to the paid parental leave are to be recognised on the Statement of Financial Position.

(iv) Superannuation

The Company's staff are members of various defined contribution plans to which the Company must contribute in accordance with the *Superannuation Guarantee (Administration) Act 1992* [Cth]. The liability for superannuation recognised as at 30 June represents outstanding contributions for the final payroll period of the year.

r) Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised in the income statement as an integral part of total lease expense spread over the lease term.

s) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

t) Other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity and are carried at amortised cost.

u) Contributed equity

The Company is limited by guarantee and has no issued share capital. The Company has one member – the Commonwealth of Australia represented by the Minister for Climate Change.

Note 2: Events after balance date

Effective 1 July 2013 the Company agreed to transfer its net assets by way of a gift to the Clean Energy Finance Corporation – a related entity. These assets included a right to the Company's investment portfolio, cash to meet future obligations under loan agreements that are being novated to the Clean Energy Finance Corporation, furniture and fittings, office equipment and computer related equipment and software and a right to any surplus cash on wind-up of the Company. The Clean Energy Finance Corporation has agreed to assume the future obligations under the Company's operating lease for the Brisbane facility currently occupied by the Clean Energy Finance Corporation including lease payments and make good obligations.

Note 3: Financial instruments

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Risk exposures and responses

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with its corporate policies and procedures. The Company has adopted an Investment Policy with regards to the investment of cash balances in corporate accounts not immediately required for working capital, capital investment, debt repayment, or other outstanding near-term financial obligations. The Investment Policy specifically prohibits any investment carried out for speculative purposes and establishes the following investment objectives, in order of priority:

a) Preservation of capital

b) Fulfillment of liquidity needs

c) Diversify investments to minimize risk and inappropriate concentrations of investments in any one entity

d) Fiduciary control of cash and investments; and

e) Maximisation of investment performance.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Committee under the authority of the Board.

a) Categories of financial instruments

	30 June 2013 $'000	30 June 2012 $'000
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	63,958	17,573
Short-term investments	–	77,072
Accrued interest	207	722
Trade and other receivables	202	75
Loans and receivables, net of $4,122,000 (2012: $649,000) concessional loan discount	25,537	2,060
	----------	----------
	89,904	97,502
Provision for impairment	(378)	(61)
	----------	----------
Total	**89,526**	**97,441**
	=======	=======
Carrying amount of financial assets	**89,526**	**97,441**
	=======	=======
Financial Liabilities		
Financial liabilities at amortised cost:		
Trade payables	163	324
Deferred revenue	334	80,960
	----------	----------
Total	**497**	**81,284**
	=======	=======
Carrying amount of financial liabilities	**497**	**81,284**
	=======	=======

b) Net income and expense from financial assets

Loans and receivables:		
Interest revenue	4,333	5,552
Concessional loan discount	(6,987)	(1,247)
Amortisation of concessional loan discount	399	145
Provision for impairment	(317)	(61)
	----------	----------
Net gain / (loss) loans and receivables	**(2,572)**	**4,389**
	----------	----------
Net gain / (loss) from financial assets	**(2,572)**	**4,389**
	=======	=======

c) Net income and expense from financial liabilities

There is no gain / (loss) from financial liabilities at amortised cost during the period ended 30 June 2013. There is no interest or other expenses from financial liabilities not at fair value through profit or loss in the period ending 30 June 2013.

d) Fair value of financial instruments

The carrying values of the Company's financial assets and liabilities are a reasonable approximation of their fair values.

Financial Assets

The net fair value of cash on hand and accrued interest, which are short-term in nature, are approximated by their carrying amounts. The fair value of loans and receivables is estimated as the present value of all future cash receipts discounted at the prevailing market(s) rate of interest the borrowing entity would be subject to in the market for a similar instrument with a similar credit rating.

Financial Liabilities

The net fair value of trade creditors and deferred revenue, which are short-term in nature, are approximated by their carrying amounts.

Fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements categorised by fair value hierarchy

2013	Level 1 2013 $'000	Level 2 2013 $'000	Level 3 2013 $'000	Total 2013 $'000
Financial assets at fair value				
Loans and receivables				
Cash and cash equivalents	-	63,958	-	63,958
Short-term investments	-	-	-	-
Accrued interest	-	-	207	207
Trade and other receivables	-	-	202	202
Loans and receivables, net of impairment and unexpired concessional loan discount	-	-	25,159	25,159
	=======	=======	=======	=======
Total financial assets at fair value	**-**	**63,958**	**25,568**	**89,526**
	=======	=======	=======	=======
Financial liabilities at fair value				
Financial liabilities at amortised cost				
Trade payables	-	-	163	163
Deferred revenue	-	-	334	334
	=======	=======	=======	=======
Total financial liabilities at fair value	**-**	**-**	**497**	**497**
	=======	=======	=======	=======

2012	Level 1 2013 $'000	Level 2 2013 $'000	Level 3 2013 $'000	Total 2013 $'000
Financial assets at fair value				
Loans and receivables				
Cash and cash equivalents	-	17,573	-	17,573
Short-term investments	-	77,072	-	77,072
Accrued interest	-	-	722	722
Trade and other receivables	-	-	75	75
Loans and receivables, net of impairment and unexpired concessional loan discount	-	-	1,999	1,999
	=======	=======	=======	=======
Total financial assets at fair value	**-**	**94,645**	**2,796**	**97,441**
	=======	=======	=======	=======
Financial liabilities at fair value				
Financial liabilities at amortised cost				
Trade payables	-	-	324	324
Deferred revenue	-	-	80,960	80,960
	=======	=======	=======	=======
Total financial liabilities at fair value	**-**	**-**	**81,284**	**81,284**
	=======	=======	=======	=======

e) Credit risk

Credit risk arises from the possibility of defaults on contractual obligations, resulting in financial loss.

Although the Company has assessed the risk of default on payment and has not identified any specific loans that are past due at reporting date and likely to be impaired, the Company has allocated $317,000 in 2013 (2012: $61,000) to an impairment allowance account. Further details are provided in Note 1(c) Impairment of Loans.

The Company managed its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Company had policies and procedures that guided employee's debt recovery techniques that were to be applied.

The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on Management's credit evaluation of the counterparty. Collateral held will vary, but may include:

- a floating charge over all assets and undertakings of an entity, including uncalled capital and called but unpaid capital
- specific or inter-locking guarantees
- specific charges over defined assets of the counterparty; and
- loan agreements which include affirmative and negative covenants and in some instances, guarantees of counterparty obligations.

	Not past due nor impaired 2013 $'000	Not past due nor impaired 2012 $'000	Past due or impaired 2013 $'000	Past due or impaired 2012 $'000
Cash and cash equivalents	63,958	17,573	-	-
Short-term investments	-	77,072	-	-
Accrued interest	207	722	-	-
Trade and other receivables	202	75	-	-
Loans and receivables				
Other commercial entities	24,897	1,836	378	61
Local government authorities	640	224	-	-
	=======	=======	=======	=======
Total financial assets	**89,904**	**97,502**	**378**	**61**
	=======	=======	=======	=======

Cash and cash equivalents are held with authorized deposit-taking institutions in Australia in accordance with the prudential controls set by the *Commonwealth Authorities and Companies Act 1997*.

Non-financial assets, including property, plant and equipment, have not been included in the above table as there is no significant associated credit risk.

f) Liquidity risk

The Company's financial liabilities are trade creditors, operating leases and deferred revenue. The exposure to liquidity risk is based on the notion that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. This is considered highly unlikely as the Company has significant cash balances all invested short-term and no significant liabilities.

The Company has policies in place to ensure the timely payment of financial liabilities are made when due and has no past experience of default.

The Company had no derivative financial assets or liabilities in 2013 or 2012.

g) Market risk

The Company holds basic financial instruments that do not expose it to certain market risks, such as 'Currency risk' and 'Other price risk'. However, the Company is involved in lending and therefore inherent interest rate risk arises.

The Company does not hold interest-bearing liabilities on the Balance Sheet.

The Company accounts for loans and receivables at amortised cost, so any change to fair value arising from a movement in the market interest rates has no impact on the reported profit or loss unless an investment is sold prior to maturity and crystallises a previously unrealised gain or loss. At 30 June 2013, there were no unrealised gains or losses due to changes in fair value as amortised cost approximated fair value for all assets.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market interest rates relates primarily to the return it earns on cash, cash equivalents and short-term investments as the only interest bearing items in the Statement of Financial Position are cash, cash equivalents and short-term investments. All cash and equivalents are held short term (3 months or less) and interest rates reset upon reinvestment of cash balances. All short-term investments have maturity dates of greater than 3 months but less than 12 and their interest rates are reset upon reinvestment of the deposit balances.

The table below details the interest rate sensitivity analysis of the Company at the reporting date holding all other variables constant. A 150 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

	Risk Variable	Change in Variable	Effect on profit 2013 $'000	Effect on profit 2012 $'000	Effect on equity 2013 $'000	Effect on equity 2012 $'000
Interest rate risk	Interest	+ 1.5%	-	155	-	155
Interest rate risk	Interest	- 1.5%	-	(155)	-	(155)
			=======	=======	=======	=======

The method used to arrive at the possible risk of a 150 basis points was based on both statistical and non-statistical analysis. The statistical analysis has been based on the cash rate for the past five years issued by the Reserve Bank of Australia as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances.

Note 4: Revenue from Commonwealth Government

	30 June 2013 $'000	30 June 2012 $'000
Department of Climate Change and Energy Efficiency:		
Transferred from / (to) deferred revenue	80,540	10,966
	----------	----------
CAC Act body payment item released to net income during the year	**80,540**	**10,966**
	=======	=======

The accounting policies adopted and the description of Commonwealth Government funding received by the Company, including the conditions attached to the funding, have been disclosed in Note 1(e).

Note 5: Expenses

	30 June 2013 $'000	30 June 2012 $'000
(a) Depreciation and amortisation		
Depreciation of property, plant and equipment	251	270
Amortisation of software	32	30
	283	**300**
(b) Lease payments		
Office rental expenses	219	266
(c) Employee benefits expense		
Wages and salaries	4,676	3,700
Defined contribution superannuation expense	357	332
Other employee benefits expense	(92)	182
	4,941	**4,214**
(d) Finance costs		
Concessional loan discount	6,987	1,247
Provision for impairment	317	61
Interest expense on building make good	3	6
	7,307	**1,314**
(e) Suppliers		
Contractors	1,024	978
Legal fees	995	375
Travel and subsistence	204	396
Recruitment costs	3	77
Marketing and communications	58	58
Other	319	475
	2,603	**2,359**

Note 6: Cash, cash equivalents and short-term investments

	30 June 2013 $'000	30 June 2012 $'000
Cash at bank and in hand	62,958	17,573
Short-term investments	–	77,072
Restricted cash account	1,000	–
Total cash, cash equivalents and short-term investments	**63,958**	**94,645**

Reconciliation to Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	**63,958**	**17,573**

Note 7: Loans and receivables

	30 June 2013 $'000	30 June 2012 $'000
Current:		
Term loans	1,998	113
Concessional loan discount	(382)	(16)
	1,616	**97**
Non-Current:		
Term loans	27,661	2,596
Provision for impairment	(378)	(61)
Concessional loan discount	(3,740)	(633)
	23,543	**1,902**

Concentration of risk

The loan portfolio includes three loans which each represent more than 10% of the portfolio at 30 June 2013. The largest loan comprises 33.5%, while the other two comprise 20.1% and 18.6% of the total nominal portfolio balance at 30 June 2013.

At 30 June 2012, the loan portfolio included two loans that represented more than 10% of the portfolio. One loan comprised 58.9% and the other 18.0% of the total loan nominal portfolio at 30 June 2012.

Provision for impairment – term loans

There are no specifically identified impaired loans in the portfolio at 30 June 2013 and all amounts in the provision for impairment are a collective portfolio provision. The collective provision for impairment has been calculated by placing loans into pools with similar risk characteristics and collectively assessing the likelihood of impairment. Further details are provided in Note 1(c) Impairment of Loans.

	30 June 2013 $'000	30 June 2012 $'000
Opening balance	61	–
Impairment losses provided for / (reversed) during the year	317	61
Closing balance	**378**	**61**

Note 8: Trade and other receivables

	30 June 2013 $'000	30 June 2012 $'000
Interest receivable	207	722
Trade receivables	84	75
Other receivables – Clean Energy Finance Corporation – related entity	118	–
GST receivable from the Australian Taxation Office, net	13	–
	422	**797**

Interest and GST receivables are expected to be recovered in less than 120 days.

Note 9: Other current assets

	30 June 2013 $'000	30 June 2012 $'000
Prepayments	–	44
	–	**44**

Total other current assets are expected to be recovered in less than twelve months.

Note 10: Refundable deposits

	30 June 2013 $'000	30 June 2012 $'000
Deposits	58	28
	=======	=======

Refundable deposits are expected to be recovered in:

Less than one year	35	5
Later than one year and not later than five years	23	23
	----------	----------
	58	**28**
	=======	=======

No indicators of impairment were found for refundable deposits.

Note 11: Property, plant and equipment

	30 June 2013 $'000	30 June 2012 $'000
Leasehold Improvements		
At cost	754	747
Accumulated depreciation	(410)	(253)
	----------	----------
Net carrying amount	344	494
	=======	=======
Furniture and fittings		
At cost	185	178
Accumulated depreciation	(84)	(62)
	----------	----------
Net carrying amount	101	116
	=======	=======
Computer and office equipment		
At cost	275	257
Accumulated depreciation	(200)	(128)
	----------	----------
Net carrying amount	75	129
	=======	=======
Total property, plant and equipment	520	739
	=======	=======

Reconciliation of carrying amounts at the beginning and end of the period:

	Leasehold improvements $'000	Furniture & fittings $'000	Computer and office equipment $'000	30 June 2013 $'000	30 June 2012 $'000
Balance at beginning	494	116	129	739	876
Additions	7	7	18	32	*133
Disposals	–	–	–	–	–
Depreciation charge for the year	(157)	(22)	(72)	(251)	(270)
	----------	----------	----------	----------	----------
Carrying value at 30 June net of accumulated depreciation and impairment	**344**	**101**	**75**	**520**	**739**
	=======	=======	=======	=======	=======

* Comprises leasehold make good obligations capitalised of $7,000 (2012: $8,000) and cash additions of $25,000 (2012: $125,000).

No indicators of impairment were found for property, plant and equipment.

Property, plant and equipment is expected to be transferred to the Clean Energy Finance Corporation in July 2013 (refer Note 2 Events after balance date).

Note 12: Intangibles

	30 June 2013 $'000	30 June 2012 $'000
Computer software		
At cost	123	97
Accumulated amortisation	(85)	(53)
	----------	----------
Net carrying amount	38	44
	=======	=======

Reconciliation of carrying amounts at the beginning and end of the period:

Computer software		
Balance at beginning	44	42
Additions	26	32
Disposals	–	–
Amortisation charge for the year	(32)	(30)
	----------	----------
Net carrying amount	38	44
	=======	=======

No indicators of impairment were found for intangible assets.

Intangibles are expected to be transferred to the Clean Energy Finance Corporation in July 2013 (refer Note 2 Events after balance date).

Note 13: Other Investments

The Company has a 10% ($300,000) interest in The Australian Environmental Upgrade Fund No. 1, which was established with Eureka Funds Management and National Australia Bank to provide finance for environmental upgrade agreements under legislation that has been passed in Victoria and New South Wales.

On 18 February 2013 the Company acquired a 10% ($10) interest in The Australian Environmental Upgrade Fund No. 2, which has been established with Eureka Funds Management and Australia and New Zealand Banking Group Limited to provide further finance for environmental upgrade agreements.

	30 June 2013 $'000	30 June 2012 $'000
Investment at cost	300	300
	=======	=======

No indicators of impairment were found for other investments.

No investments are expected to be sold or disposed of within the next 12 months.

Note 14: Current liabilities – trade and other payables

	30 June 2013 $'000	30 June 2012 $'000
Trade payables	31	93
GST liability	–	73
Salaries and wages	19	201
Superannuation	9	61
PAYG & FBT Payable to ATO	17	140
Lease incentive liability	72	59
Other payables	132	231
	----------	----------
Total current liabilities – trade and other payables	**280**	**858**
	=======	=======

Settlement is usually made within 30 days.

Note 15: Current liabilities – provisions

	30 June 2013 $'000	30 June 2012 $'000
Annual leave	–	162
Concessional loan discount	284	33
	----------	----------
Total current liabilities – provisions	**284**	**195**
	=======	=======

Note 16: Non-current liabilities – other payables

	30 June 2013 $'000	30 June 2012 $'000
Lease incentive liability	90	163
	----------	----------
Total non-current liabilities – other payables	**90**	**163**
	=======	=======

Note 17: Non-current liabilities – provisions

	30 June 2013 $'000	30 June 2012 $'000
Make good	125	115
Concessional loan discount	3,303	440
Long service leave	–	66
	----------	----------
Total non-current liabilities – provisions	**3,428**	**621**
	=======	=======

(a) Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Make good provision $'000	Concessional loan discount $'000	Total $'000
At 1 July 2012	115	473	588
Arising during the year	–	6,987	6,987
Offset to loans and receivables	–	(3,873)	(3,873)
Discount rate adjustment	10	–	10
	----------	----------	----------
At 30 June 2013	125	3,587	3,712
	=======	=======	=======
Current 2013	–	284	284
Non-current 2013	125	3,303	3,428
	----------	----------	----------
	125	3,587	3,712
	=======	=======	=======
Current 2012	–	33	33
Non-current 2012	115	440	555
	----------	----------	----------
	115	473	588
	=======	=======	=======

(b) Nature and timing of provisions

(i) Make good provision

In accordance with the lease agreement with the Uniting Church in Australia Property Trust (Q.), the Company must restore the leased premises in Brisbane to its original condition at the end of the lease term in July 2015.

A provision of $125,000 (2012: $115,000) has been raised as of 30 June 2013 in respect of the Company's obligation to remove leasehold improvements from these leased premises of which $110,000 is included in the carrying amount of the leasehold improvements.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using the length of time left for the lease to run (two years), which was a discount rate on two year notional government bonds of 2.49%.

(ii) Concessional loan discount

The provision for concessional loan discount represents the unamortised balance of the concessional loan expense applicable to loans which have been contractually committed but not advanced to the end borrower at balance date.

(iii) Long service leave

Refer to Note 1q) (ii) for the relevant accounting policy and the significant estimations and assumptions applied in the measurement of this provision.

Note 18: Cash flow statement reconciliation

Reconciliation of net profit after tax to net cash flows from operations

	30 June 2013 $'000	30 June 2012 $'000
Net profit	70,240	8,419
Adjustments for:		
Amortisation	32	30
Depreciation	251	270
Interest received included as investing activity	(4,331)	(5,382)
Capitalised interest on loans	(166)	(84)
Interest received on loans	(335)	(12)
Capitalised establishment fees – amortised	(16)	(4)
Amortisation of concessional loan discount	(399)	(145)
Interest on make good	3	6
Concessional loan discount	6,987	1,247
Doubtful debt expense	317	61
Changes in assets and liabilities:		
(increase)/decrease in trade and other receivables	(128)	(32)
(increase)/decrease in other current assets	559	(107)
(increase)/decrease in refundable deposits	(31)	(4)
increase/(decrease) in trade and other payables	(842)	288
increase/(decrease) in provisions	(50)	47
increase/(decrease) in deferred revenue	(80,866)	(10,753)
	----------	----------
Net cash from/(used in) operating activities	**(8,775)**	**(6,155)**
	=======	=======

Supplementary disclosure of non-cash investing and financing activities

Adjustment to make good provision	8	8
	=======	=======

Note 19: Lease and other expenditure commitments

(a) Operating Leases

The Company entered into a 5 year non-cancellable operating lease agreement for 506 sqm of office accommodation at 140 Ann Street Brisbane, on 16 July 2010. The Company also has the right but not the obligation to extend the lease for two additional periods of three years each. Under the terms of the lease, the landlord agreed to waive rent for the period 15 July 2010 to 10 August 2011 inclusive. The Company has undertaken to novate this agreement to the Clean Energy Finance Corporation from 1 July 2013 meaning that the commitments reflected here will not be met by the Company, but by the Clean Energy Finance Corporation.

On 1 April 2012, the Company entered into a 12 month operating lease agreement for 19 sqm of serviced office accommodation at 95 Pitt Street, Sydney. This agreement was extended to 30 June 2013, when it was terminated.

(b) Other expenditure commitments

For the year ended 30 June 2012, the Company entered into several agreements with suppliers for the supply of various goods and services. These were all novated to the Clean Energy Finance Corporation effective from 1 July 2013.

	30 June 2013 $'000	30 June 2012 $'000
By Type		
Operating lease	670	994
Other expenditure commitments	–	125
	----------	----------
Total commitments by type	670	1,119
	=======	=======
By Maturity		
One year or less	322	441
From one to five years	348	678
	----------	----------
Total commitments by maturity	670	1,119
	=======	=======

Note 20: Undrawn credit facility commitments

Undrawn credit facilities

Commitments represent funds committed by the Company to third parties where the funds remain available but undrawn at year end. Commitments to provide credit may convert to loans and other assets in the ordinary course of business. As these commitments may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	30 June 2013 $'000	30 June 2012 $'000
Committed credit facilities	50,769	32,558
	=======	=======

Note 21: Contingent assets and liabilities

There are no quantifiable or unquantifiable contingent assets or liabilities at 30 June 2013.

Note 22: Related party disclosures

(a) Ultimate Parent

The Company has one member – the Commonwealth of Australia represented by the Minister for the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

(b) Key Management Personnel

Details relating to key Management personnel, including remuneration paid, are included in Note 24.

(c) Transactions with related parties

Entities with significant influence over the Company:

The Commonwealth of Australia.

Transactions with Director related parties:

Details relating to Directors' remuneration are included in Note 23.

The following table provides the total amount of transactions that were entered into with Director-related parties for the relevant financial year:

Director	Related Party	Transaction	Year	Purchases / (Receipts) from related parties $'000
Martijn Wilder AM	Baker & McKenzie	Legal fees	2013	65
Martijn Wilder AM	Baker & McKenzie	Costs reimbursed	2013	1
Tanya Cox	DEXUS	NCOS fees paid to the Company	2013	(9)
Martijn Wilder AM	Baker & McKenzie	Legal fees	2012	45
Martijn Wilder AM	Baker & McKenzie	Costs reimbursed	2012	2
Tanya Cox	DEXUS	NCOS fees paid to the Company	2012	(11)

Transactions with the Clean Energy Finance Corporation:

The Company and the Clean Energy Finance Corporation ('CEFC') have been working co-operatively throughout the year ended 30 June 2013 to achieve the practical integration of the two entities as announced by both Boards, and endorsed by the Australian Government on 19 December 2012. This arrangement included the Company incurring approximately $228,000 of costs on behalf of the CEFC and which have been charged to the CEFC during the year ended 30 June 2013 for matters such as rental of offices, third party IT infrastructure support services, travel and accommodation and web-site development. $192,000 has been included to reduce the appropriate categories of expenditure in the Statement of Comprehensive Income rather than as a single line item of 'other income: rendering of services – related parties' and $36,000 has been reduced from prepayments relating to future periods. Of the $228,000 incurred by the Company, $110,000 was reimbursed by the CEFC prior to 30 June 2013 and $118,000 remained outstanding from the CEFC at 30 June 2013 (refer Note 8).

The majority of the Company's staff were employed by the CEFC in April 2013. Prior to this date, a number of the Company's staff were working on the set up and establishment of operational capability of the CEFC. The entities have estimated that the value of the work undertaken by the Company's staff in this regard was approximately $184,000 and the CEFC has paid the Company an amount of $80,000 (including GST or $73,000 excluding GST) in respect of this work. The $73,000 has been included in 'Sale of goods and services – related parties' (refer to the Statement of Comprehensive Income). The $80,000 was paid to the Company by the CEFC prior to 30 June 2013.

Subsequent to the Company's staff joining the CEFC in April 2013, certain staff continued to provide services to the Company through 30 June 2013 to ensure the Company and its Board were able to meet their remaining contractual, portfolio management, regulatory, reporting and administrative obligations. The entities have estimated that the value of the work undertaken by the CEFC's staff up to 30 June 2013 on behalf of the Company was approximately $46,000 and the CEFC anticipates incurring up to another $50,000 in relation to similar services to be provided to the Company after balance date including assistance with the annual audit and financial reporting process and assistance with the ultimate wind-up of the Company. The Company has not been charged for this work in light of the significant work undertaken by the Company to assist in the establishment of the CEFC prior to 30 June 2013.

An agreement was reached between the Company and the CEFC that all the Company's staff transferring employment to the CEFC would retain their continuity of service in relation to both long service leave and redundancy (if any). In exchange for this undertaking, the Company paid to the CEFC an amount of $465,000.

Mr Wilder is both the Chairman of Low Carbon Australia Limited and a Director of the Clean Energy Finance Corporation.

Transactions with the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education:

With the in-principal merger agreed with the Clean Energy Finance Corporation, the Company's responsibility for administration on the National Carbon Offset Standard Carbon Neutral ('NCOS CN') Program ceased on 31 May 2013. The administration of the NCOS CN Program was transferred to the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education ('DIICCSRTE') from 1 June 2013. The Company transferred $645,000 to DIICCSRTE in June 2013, which related to net NCOS CN Fees received in advance.

Terms and conditions of transactions with related parties:

Purchases of services from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

Employees:

Contributions to superannuation funds on behalf of employees are disclosed in Note 5.

Note 23: Directors' remuneration

All Directors of the Company are appointed by the Commonwealth of Australia as represented by the Minister for Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

The number of Directors whose remuneration (including superannuation contributions) falls within the following bands:

	2013 Numbers	2012 Numbers
Nil – $29,999	5	5
$30,000 – $59,999	1	2

	30 June 2013 $'000	30 June 2012 $'000
Total remuneration received or due and receivable	184	187
	=======	=======

Note 24: Executive remuneration

Executive remuneration:

The number of senior executives whose remuneration (including superannuation contributions) falls within the following bands:

	2013 Numbers	2012 Numbers
$0 – $29,999	1	–
$270,000 – $299,999	–	1
$300,000 – $329,999	1	1
$390,000 – $419,999	1	1

	30 June 2013 $'000	30 June 2012 $'000
Total remuneration received or due and receivable	730	1,004

Total expense recognised in relation to senior executive employment:

	30 June 2013 $'000	30 June 2012 $'000
Short-term employee benefits		
Salary (including annual leave taken)	588	797
Changes in annual leave provisions	(59)	27
Variable compensation	169	85
Total short-term employee benefits	698	909
Post-employment benefits		
Superannuation (post-employment benefits)	57	79
Total post-employment benefits	57	79
Other long-term benefits		
Long-service leave	(25)	16
Total other long-term benefits	(25)	16
Total	730	1,004

No termination benefits were paid to senior executives in the current financial period.

Salary packages of senior executives:

Average annualised fixed remuneration packages for substantive senior executives employed during the year ended 30 June 2013:

	Year ended 30 June 2013			Year ended 30 June 2012		
	No.	Base Salary (including annual leave) $'000	Remuneration Package $'000	No.	Base Salary (including annual leave $'000	Remuneration Package $'000
$240,000 – $269,999	1	238	259	1	229	249
$270,000 – $299,999	1	268	292	1	253	276
$330,000 – $359,999	-	-	-	1	315	340
$360,000 – $389,999	1	346	371	-	-	-
Total	3	852	922	3	797	865

Salary packages are negotiated with senior executives on a total remuneration package basis, including a superannuation contribution that at least satisfies the minimum superannuation guarantee contribution. Senior executives are then able to, subject to the approval of Low Carbon Australia Limited, and in accordance with Low Carbon Australia Limited policy, elect to take the total remuneration package as a combination of base salary, superannuation contributions and non-cash benefits. Non-cash benefits may include a variety of benefits in accordance with Low Carbon Australia Limited policy.

Note 25: Remuneration of auditors

Financial statement audit services are provided to the Company by the Auditor-General:

	30 June 2013 $'000	30 June 2012 $'000
Amounts paid or payable to the Australian National Audit Office for:		
Auditing the accounts	40,000	34,000

No other services were provided by the Auditor-General during the reporting period.

Low Carbon Australia Limited
Directors' Declaration

1. In the opinion of the Directors:

   (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance, for the year ended on that date; and

      (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board:

Martijn Wilder AM
Chairman
3 September 2013
Sydney

Australian National
Audit Office

Mr Martijn Wilder AM
Chair of the Board
Low Carbon Australia Limited
GPO Box 284
BRISBANE QLD 4001

LOW CARBON AUSTRALIA LIMITED
FINANCIAL REPORT 2012–13
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of Low Carbon Australia Limited for the year ended 30 June 2013, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

John Jones
Executive Director

Delegate of the Auditor-General
Canberra

30 August 2013

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the member of Low Carbon Australia Limited

Report on the Financial Report

I have audited the accompanying financial report of Low Carbon Australia Limited, which comprises the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of Low Carbon Australia Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Low Carbon Australia Limited's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Low Carbon Australia Limited's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Low Carbon Australia Limited on 30 August 2013, would be in the same terms if it had been given to the directors at the time the auditor's report was made.

Opinion

In my opinion the financial report of Low Carbon Australia Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Low Carbon Australia's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter

I draw attention to Note 1(a) of the financial report which states that Low Carbon Australia Limited is not a going concern, the reason therefor and gives the basis on which the statements have been prepared. My opinion, set out above, has not been modified in respect of this matter.

Australian National Audit Office

John Jones
Executive Director

Delegate of the Auditor-General

Canberra
3 September 2013

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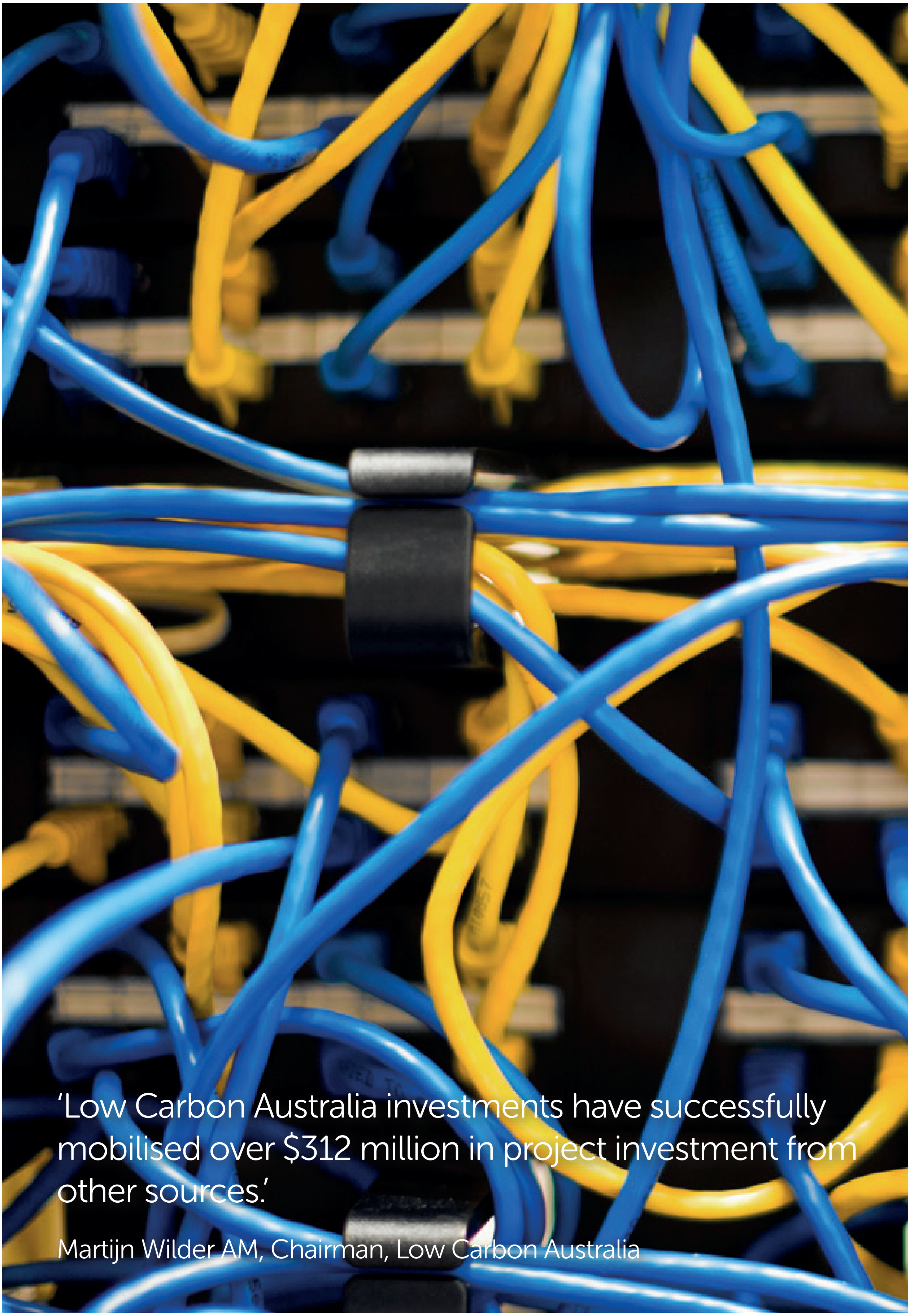

'Low Carbon Australia investments have successfully mobilised over $312 million in project investment from other sources.'

Martijn Wilder AM, Chairman, Low Carbon Australia

PART FOUR

Appendices, Index and Glossary

Appendix A

Environmental Performance and Ecologically Sustainable Development – a report under the ***Environment Protection and Biodiversity Conservation Act 1999*** (Cth), section 516A(4)

Low Carbon Australia Limited ('Low Carbon Australia') must provide a report under the *Environment Protection and Biodiversity Conservation Act 1999* ('the EPBC Act') annually under section 516A(4).

The following details Low Carbon Australia's Ecologically Sustainable Development (ESD) activities in accordance with section 516A(4) of the EPBC Act.

Section 516A(6)(a) Report on how the activities of, and the administration (if any) of legislation by, the reporter during the period accorded with the principles of ecologically sustainable development

(i) Accordance of activities of the Reporter with the principles of ecologically sustainable development over Financial Year 2012-13.

Low Carbon Australia Limited is a public company limited by guarantee for the public charitable principal object of preserving and enhancing the Australian natural environment by supporting Australian business, households, government and non-government organisations to take action on energy efficiency and reducing carbon emissions. The Company commenced operations in March 2010 as Australian Carbon Trust Limited.

Effective 1 July 2013, in conjunction with an instruction from its Member to commence winding-up proceedings, the Company agreed to transfer its net assets by way of a gift to the Clean Energy Finance Corporation – a related entity. These assets included a right to the Company's investment portfolio, cash to meet future obligations under loan agreements that are being novated to the Clean Energy Finance Corporation, furniture and fittings, office equipment and computer related equipment and software and a right to any surplus cash on wind-up of the Company.

Under a Funding Deed with the Australian Government (through the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education) Low Carbon Australia administered two programs during 2012-13: the Energy Efficiency Program and the NCOS Carbon Neutral Program. This Funding Deed was terminated on 25 June 2013 in preparation for the transfer of assets to the Clean Energy Finance Corporation.

The Energy Efficiency Program was an $84.6 million Australian Government initiative under which Low Carbon Australia supported investment in energy efficiency through investing money from the fund for energy efficiency upgrades that would not otherwise have occurred (either at all, or which would have occurred later but have been brought forward, or which would not have occurred at the same scale). The initiative was targeted at improving the energy efficiency and Greenhouse Gas (GHG) abatement retrofit of existing buildings (primarily non-residential), and existing industrial processes. This typically involved the financing of equipment and installation for energy efficiency and GHG abatement as the table below shows:

Existing Buildings	Industrial Processes
Lights	Lighting
Building Management Systems and metering	Power factor correction
Heating, Ventilation and Air-conditioning	Pumps and fans
Insulation and Shading	Compressors
Water reduction and recycling measures	Energy Efficient Motors and Variable Speed drives
Cooking and Refrigeration systems	Water reduction and recycling measures
Cogeneration and tri-generation systems	Cooking and Refrigeration systems
Waste reduction	Cogeneration and tri-generation systems
Cost-effective Renewable Energy (Solar PV)	Cost-Effective Renewable Energy (Bio-gas reduction/ recovery, Solar PV equipment

According to consensus in the Australian and international scientific community the climate is changing and the increasing concentrations of GHGs in the atmosphere are the most likely cause of the recently observed global warming. Unless we curb our production of carbon dioxide and other greenhouse gases then the observed trends in climate change are likely to continue, with adverse and damaging effects for Australia. Both direct reduction of GHG through abatement activity and increasing energy efficiency are means of reducing the GHG intensity of the economy, and thus in accordance with the ESD principles.

Note that, under the EPBC Act, the 'principles of ecologically sustainable development' are:

a) decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations

b) if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation

c) the principle of intergenerational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations

d) the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision making; and

e) improved valuation, pricing and incentive mechanisms should be promoted.

Also, for the purposes of Low Carbon Australia reporting under the EPBC Act, 'activities' includes both the development and implementation of policies, plans, programs and legislation; and the operations of the Company.

(ii) Accordance of administration of Legislation by the Reporter with the principles of ecologically sustainable development over Financial Year 2012-13.

There is one area of Low Carbon Australia's administrative activity that partially derived from a legislated head of authority. From 1 July 2010 until 31 May 2013 Low Carbon Australia was responsible for administration of the National Carbon Offset Standard ('the Standard') under a funding agreement with the then Department of Climate Change and Energy Efficiency. The Standard was partially based on the *National Greenhouse and Energy Reporting Act 2007*, and replaced the previous Greenhouse Friendly™ scheme which terminated 30 June 2010.

Under the NCOS Carbon Neutral Program (NCOS CNP), Low Carbon Australia certified the carbon neutrality of organisations in respect of either their operations or for specific products. During the financial year 2012-13 up until the termination of Low Carbon Australia's responsibility for the program, the Company had successfully certified 10 new participants over the year (bringing participation in the program to 33 organisations in total).

This administration accords with the principles of ecologically sustainable development (see definition above) because:

- Decision making to participate in the program is a voluntary choice by organisations to measure, reduce and offset their production of GHGs
- Low Carbon Australia facilitated this voluntary action by certifying that organisations have measured their carbon footprint and met their commitments under the standard. This entitles organisations to use the NCOS standard mark, adding brand value and an incentive to work towards carbon neutrality; and
- Certification in turn is used to inform consumers about the relative carbon neutral merits of products and services they purchase and the operations of organisations they deal with. In this way the community can use its purchasing power to support organisations with certified carbon neutrality of their goods, services or operations under the Standard.

Low Carbon Australia's responsibility for administration on the NCOS CNP ceased on 31 May 2013 in preparation for the transfer of the Company's staff, assets and operations to the CEFC. The administration of the NCOS CNP was transferred to the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education as from 1 June 2013.

Section 516A(6)(b) How the outcomes (if any) specified for the Reporter in an Appropriations Act relating to the period contribute to ecologically sustainable development

There were no outcomes specified for the reporter in an Appropriations Act for the reporting period.

Section 516A(6)(c) Document the effect of the Reporter's activities on the environment

Low Carbon Australia has as its vision statement 'a sustainable low carbon and energy efficient Australia'.

The activities of the Company are primarily concerned with reducing environmental impact through a) investing and facilitating investment in energy efficiency and GHG abatement, and educating the wider community on the benefits of such investment, and b) encouraging, assisting and certifying carbon neutrality to the National Carbon Offset Standard. To this extent Low Carbon Australia has a positive effect on the environment.

In terms of Low Carbon Australia's own operational impact on the environment, the Company's staff, management and Board have endorsed sustainability as one of Low Carbon Australia's values. Accordingly, we seek to demonstrate business success that is good for the environment and the community.

Low Carbon Australia's operational staff transferred to the Clean Energy Finance Corporation as at 17 April 2013. Until that time, Low Carbon Australia had in place an environmental team known as BEST (Business Efficiency and Sustainability Team) comprising 7 employees, that met quarterly to monitor the organisation's environmental footprint and made recommendations towards reducing the impact of Low Carbon Australia operations on the environment.

The BEST recorded the following data in relation to Low Carbon Australia's operational footprint from 1 July 2012 to 30 April 2013:

Environmental Measure	Result*
Office Lighting & Power	2.6 KWh
Water used	4.1 L
Paper use	20 sheets
Water Recycled	100%
Flights	34.6 Km
Flights offset	100%
Green Power used	100%

**Results are given in consumption per employee per day*

Over the course of the year the BEST agreed a sustainability reporting approach that would be staggered so that the short term focus was on environment sustainability and the medium to long term focus examined other pillars of sustainability. A definition of sustainability was agreed and included in the BEST Charter. Based on this approach, a measurement framework was developed in which the environmental performance baseline, targets and future measurements could be captured and reported.

In December 2012, the BEST undertook a visual waste assessment activity that estimated that Low Carbon Australia was generating 9.4 tonnes of waste on an annual basis. As a result of this survey seven recommendations to reduce waste were provided within a Waste Action Plan with recommendations spanning reducing waste, waste stream management and awareness raising.

BEST had started collecting consumption data and set up initial internal reporting prior to all activities being put on hold ahead of the planned integration with the CEFC.

Section 516A(6)(d) Identify any measures the reporter is taking to minimise the impact of activities by the Reporter on the environment

Guided by the BEST, Low Carbon Australia has engaged in a number of initiatives in 2012-13 to reduce our environmental footprint. These include the following:

Current reduction initiatives	What Low Carbon Australia has already implemented
Energy consumption	Low Carbon Australia has an open plan office, allowing easier control of our air conditioning; Employees are provided with a central printing facility allowing for fewer high capacity multi-function devices; Low Carbon Australia provides energy efficient computer monitors and laptops to all staff, which they are encouraged to turn off each evening; Low Carbon Australia's occupied premises at 140 Ann Street, Brisbane is fitted with sensor and LED lighting and purchases green power.
Resource consumption	Low Carbon Australia's office furniture has been selected for its high recycled/ recyclable content; a Follow-me printing system is installed to save paper, with default printing set to double sided, black and white; 100% recycled printer paper is used and kitchen waste is sorted and recycled.
Water consumption	A grey water system is in operation at Low Carbon Australia's occupied Brisbane premises.
Generation of waste	An energy use dashboard features in the head office reception area to indicate energy and waste usage.
Greenhouse gas emissions	Low Carbon Australia's Brisbane premises occupies a 5 star building on a green lease. The company encourages its staff to bike ride to work and utilise public transport. Lockers and showers are provided on site to assist this process. No corporate car parks or co-owned cars are provided to staff. In 2012-13 Low Carbon Australia committed to carbon offsetting all staff flights.
Resource consumption	Reduction of individual energy consumption via reporting on individual/staff energy usage (printing, flights and waste).
Greenhouse gas emissions	The installation of video conferencing facilities in our Brisbane and Sydney offices to reduce weekly flight requirements.
Energy consumption	The introduction of electronic committee papers.

Section 516A(6)(e) Identify the mechanisms (if any) for reviewing and increasing the effectiveness of those measures

Low Carbon Australia's BEST monitored, reviewed and made recommendations to the Executive throughout 2012-13 in relation to ensuring the effectiveness of the organisation's measures to minimise its impact on the environment. The BEST met quarterly and made the above recommendations for implementation.

As Low Carbon Australia is presently in the process of being wound up and this may be the final Annual Report for the Company, it will be a matter for the Clean Energy Finance Corporation to further report on this measure for the Brisbane office and operations.

Appendix B

Reports under ***Work Health and Safety Act 2011*** (Cth), Schedule 2 Part 4 section 4

The *Work Health and Safety Act 2011* ('the WHS Act') commenced on 1 January 2012. Under the WHS Act, Low Carbon Australia is a 'public authority' and the Company must report annually on certain matters as specified in the Act at Schedule 2 Part 4, section 4.

Initiatives taken during the year to ensure the health, safety and welfare of workers who carry out work for the entity [required under WHS Act Schedule 2, Part 4, Section 4(2)(a)]

Low Carbon Australia has an inclusive, healthy and professional workplace culture and does not tolerate the following behaviours in the workplace:

- physical and/or sexual harassment
- discrimination
- victimisation or bullying
- drunkenness; or
- unsafe work practices.

New employees are provided with and required to read a copy of Low Carbon Australia's *Corporate Policies and Procedures* manual, which documents Low Carbon Australia's stance on these issues as well as a WHS induction.

Contractors, consultants and project partners must also comply with Fair Work Principles and ensure that their subcontractors are also in compliance. Low Carbon Australia's standard agreements with our contractor suppliers and our investment customers contain clauses insisting on compliance with the Fair Work Principles.

Low Carbon Australia encourages staff engagement in healthy exercise. Low Carbon Australia's occupied premises at 140 Ann St Brisbane provided lockers, shower and change facilities for staff wanting to exercise before or after work. This year Low Carbon Australia employees participated in the Bike Week Ride to Work events and charity fun runs including the Bridge to Brisbane and the International Women's Day Fun Run.

The premises also represent a secure building with swipe pass access only to the office, and the building generally on nights and weekends. Workstation design and facilities are all new and as such exhibit modern safety features (rounded corners, safety switch on boiling water tap and adjustable seats and monitor arms).

Low Carbon Australia has continued its relationship with Drake WorkWise for the provision of an Employee Assistance Program (EAP) into the business. Low Carbon Australia is a workplace committed to fulfilling its corporate values (which include Trust, Leadership, Courage and Teamwork). The Board, Executive and Staff are unified in their responsibility to provide a caring environment that reflects these values, and the offering of a confidential EAP of this type helps us achieve this goal.

Health and safety outcomes (including the impact on injury rates of workers) achieved as a result of initiatives mentioned under paragraph (a) or previous initiatives [required under WHS Act, Schedule 2, Part 4, Section 4(2)(b)]

Low Carbon Australia has a zero rate of injuries for the reporting period:

Statistic	2012-13
Injury rates – Employees	0
Injury rates – Contractors	0

Statistics of any notifiable incidents of which the entity becomes aware during the year that arose out of the conduct of businesses or undertakings by the entity [required under WHS Act Schedule 2, Part 4, Section 4(2)(c)]

Low Carbon Australia has a zero rate of deaths, serious injury or illness and dangerous incidents for the reporting period:

Statistic	2012-13
Deaths	0
Serious injury or illness	0
Dangerous incident	0
TOTAL	0

Any investigations conducted during the year that relate to businesses or undertakings conducted by the entity, including details of all notices given to the entity during the year under Part 10 of this Act [required under WHS Act Schedule 2, Part 4, Section 4(2)(d)]

Low Carbon Australia has not received any notices, conducted any investigations, nor has it been investigated under the relevant provisions over the financial year:

Statistic	2012-13
Investigations by health and safety representatives under section 68(1)(c)	0
Investigations by inspectors under section 160(e)	0
Part 10 Improvement notices – sections 91 & 209	0
Part 10 Prohibition notices – sections 195 & 209	0
Part 10 Non-disturbance notice – sections 198 & 209	0
TOTAL	0

Such other matters as are required by guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit [required under WHS Act Schedule 2, Part 4, Section 4(2)(e)]

The JCPAA has not as yet specified additional requirements for *Commonwealth Authorities and Companies Act 1997* companies under this provision.

Index of Annual Report Requirements

Low Carbon Australia Limited (Low Carbon Australia) is a public company limited by guarantee established under the *Corporations Act 2001*. Most of its reporting requirements stem from this Act (and its interplay with Australian Accounting Standards and Australian Auditing Standards), those parts of the *Commonwealth Authorities and Companies Act 1997* ('CAC Act') applicable to a company (i.e. not an 'authority') in Low Carbon Australia's circumstances and the *Commonwealth Companies (Annual Reporting) Orders 2011* made under the CAC Act.

Readers who are more familiar with Australian Government reporting should note in particular that neither the *Financial Management and Accountability Act 1997,* nor the specific 'authorities' provisions of the *Commonwealth Authorities and Companies Act 1997,* are applicable to Low Carbon Australia, and nor are regulations, orders, circulars or guidelines made under (or seeking to govern entities formed under) these other legislated heads. A number of non-relevant Australian Government reporting requirements are specified here simply for ease of use and to allay any confusion.

Obligation	Source	Completed	Refer Page
Annual Directors' Report (incorporating Directors' Report and Auditor's Declaration of Independence)	*Corporations Act 2001*, sections 295, 297-298, 300B & 307C	Yes	Part 3
Annual Report – Accessibility Standards for Publication on Website	*Disability Discrimination Act 1992*	Low Carbon Australia applies the Web Content Accessibility Guidelines (WCAG) 2.0	N/A
Annual Report – Approval of, by Directors	*Commonwealth Companies (Annual Reporting) Orders 2011,* clause 5	Yes	Page 6
Annual Report – Finance Minister's Orders Relating to	*Commonwealth Authorities and Companies Act 1997*, sections 36 & 48; *Commonwealth Companies (Annual Reporting) Orders 2011*	Yes, this report is drafted in accordance with these orders	All – This is the Annual Report
Annual Report – Lodgement With ASIC	*Corporations Act 2001*, section 319	Yes, a copy of this report will be lodged with ASIC by 31 October 2013 as required by law	N/A
Annual Report – Re-Lodgement With ASIC After Amendment	*Corporations Act 2001*, section 322	Not Applicable – At time of writing, Low Carbon Australia had not amended this report	N/A
Annual Report – Requirements for Departments, Executive Agencies and *FMA Act* Bodies	*Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* as Approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999*	Not Applicable – Low Carbon Australia is neither a Department, Executive Agency or *FMA Act* Body	N/A

Obligation	Source	Completed	Refer Page
Annual Report – Standards of Presentation to Parliament	*Commonwealth Companies (Annual Reporting) Orders 2011*, Order 7; *Department of Prime Minister and Cabinet Guidelines for the Presentation of Documents to the Parliament (Including Government Documents, Government Responses to Committee Reports, Ministerial Statements, Annual Reports and Other Instruments) December 2012;* Advice of the Joint Committee on Publications as published from time to time established by Standing Order of the Senate No.22 & Standing Order of the House of Representatives No.219	Yes, insofar as they are relevant this report has been produced in accordance with these requirements	Not Applicable – Applies to this Report as a whole
Annual Report – Transmission to Responsible Minister	*Commonwealth Authorities and Companies Act 1997*, section 36	Yes	Page 7
Annual Report Requirements, Index of	*Commonwealth Companies (Annual Reporting) Orders 2011*, Clause 18	This Table is the Index	Pages 133-7 Including this page
Annual Reporting to Members	*Corporations Act 2001*, section 315	Yes – Low Carbon Australia has one Member (the Commonwealth of Australia represented in the 2012-13 financial year by the Minister for Climate Change and Energy Efficiency, and this duty is discharged through transmission of the Annual Report	See 'Annual Report – Transmission to Responsible Minister' above
Annual returns of income and expenditure of Commonwealth Departments under *Commonwealth Electoral Act 1918*	*Commonwealth Electoral Act 1918*, section 311A	Not Applicable – Low Carbon Australia is not a Commonwealth Department for the purposes of section 311A	N/A
Audit – Audit of Financial Report	*Corporations Act 2001*, sections 301, 307, 307A, 308 & *Commonwealth Authorities and Companies Act 1997*, section 35	Yes	Pages 121-2
Audit – Appointment of Auditor	*Corporations Act 2001*, section 301 & *Commonwealth Authorities and Companies Act 1997*, section 35	Yes	Pages 67, 70, 75, 84, 118, 120

Obligation	Source	Completed	Refer Page
Audit – Relevant Subsidiaries' Financial Statements	*Commonwealth Authorities and Companies Act 1997*, section 37; *Corporations Act 2001*, Part 1.2 Division 6	Not Applicable – Low Carbon Australia had no subsidiaries in 2012-13	N/A
Compliance Report, *Commonwealth Authorities and Companies Act 1997*	*Commonwealth Authorities and Companies Act 1997*, section 41(1)(c) & Finance Circular 2008/05	Yes	N/A
Compliance Report, Australian Transaction Reports and Analysis Centre (AUSTRAC)	*Anti-Money Laundering and Counter Terrorism Financing Act 2006,* subsection 47(2)	Yes, a copy of this report is lodged with AUSTRAC as required by law	N/A
Directors, Information about	*Corporations Act 2001,* Chapter 2M; *Commonwealth Companies (Annual Reporting) Orders 2011,* clause 11	Yes	Pages 64-7, 80-3
Ecologically Sustainable Development, Annual Report on Principles of	*Environment Protection and Biodiversity Conservation Act 1999,* section 516A(4); Department of the Environment, Water, Heritage and the Arts (as it then was) *Guidelines for Section 516A reporting – Environment Protection and Biodiversity Conservation Act 1999*	Yes	Appendix A (page 126)
Equal Opportunity for Women	*Workplace Gender Equality Act 2012*, section 3(1); *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, section 3(1)	Not Applicable – Low Carbon Australia is not a 'relevant employer' for the purposes of the *Workplace Gender Equality Act 2012*. While Low Carbon Australia is an 'authority' for the purposes of the *Equal Opportunity (Commonwealth Authorities) Act 1987* it is not a 'relevant authority' under the Act as it has less than 40 employees, thus no reporting obligations ensue	N/A
Executive Remuneration	N/A- there is no mandatory requirement applicable	Yes, Low Carbon Australia voluntarily discloses executive remuneration as a matter of good corporate governance	Pages 68 and 117
Exemptions from Requirements of *Commonwealth Companies (Annual Reporting) Orders 2011*	*Commonwealth Companies (Annual Reporting) Orders 2011,* clause 6	Not Applicable – No exemptions were applied for	N/A

Obligation	Source	Completed	Refer Page
Financial Report – Compliance with Accounting Standards and Regulations	*Corporations Act 2001*, sections 296 & 295	Yes, this is so declared by Directors and certified by the Auditor's Report	Pages 91-8, 119, 121-2
Financial Report (incorporating Financial Statements, Notes to Financial Statements, Directors' Declaration	*Corporations Act 2001*, sections 292, 295, 296 & 297	Yes	Part 3 (pages 77-122)
Financial Statements and Notes to give True and Fair View	*Corporations Act 2001*, sections 297 & 295	Yes, this is so declared by Directors and certified by the Auditor's Report	Pages 119 and 121-2
Freedom of Information, Annual Report on	*Freedom of Information Act 1982*, section 4; *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* as Approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999*	Not Applicable – Low Carbon Australia is not an 'agency' or 'prescribed authority' for the purposes of the FOI Act	N/A
GBEs, Disclosure Requirements For	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 17	Not Applicable – Low Carbon Australia is not a GBE	N/A
General Policies of the Australian Government, or General Policy Orders Applicable Under Section 43 *Commonwealth Authorities and Companies Act 1997*; Details of	*Commonwealth Companies (Annual Reporting) Orders 2011*, Order 10; *Commonwealth Authorities and Companies Act 1997*, sections 43 & 48A	Yes	Page 73
Governance, Statement on	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 12	Yes	Part 2 (pages 64-73)
Judicial Decisions and Reviews by Outside Bodies	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 15	Yes	Page 75
Key Activities and Changes Affecting the Company	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 14	Yes	Page 74
Ministerial Directions, Details of	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause10	Yes	Pages 72-3

Obligation	Source	Completed	Refer Page
Organisational Structure, Outline of	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 12	Yes	Pages 64-5
Other Annual Reporting Requirements, Details of	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 10; *Commonwealth Authorities and Companies Act 1997*, section 48	All known annual reporting requirements are referred in this Index	Pages 133-7 Including this page
Plain English, Use of and Clear Design	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 8	Yes	Not Applicable – Applies to this Report as a whole
Procurement – Reporting on Compliance with *Commonwealth Procurement Rules*	*Commonwealth Authorities and Companies Act 1997*, section 47A; *Commonwealth Authorities and Companies Regulations 1997*, regulation 9 & Schedule 1; *2012 Commonwealth Procurement Rules*	Not Applicable – Low Carbon Australia is neither an Financial Management and Accountability Act Agency nor a Commonwealth Authorities and Companies Act agency to whom the Commonwealth Procurement Rules have been applied	N/A
Related Entity Transactions	*Corporations Act 2001*, Chapter 2M and *Commonwealth Companies (Annual Reporting) Orders 2011*, clause 13	Yes	Pages 71, 115
Responsible Minister, Naming of	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 9	Yes	Page 72
Subsidiaries, Obtaining Information From	*Commonwealth Companies (Annual Reporting) Orders 2011*, clause 16; *Corporations Act 2001*, Part 1.2 Division 6	Not Applicable – Low Carbon Australia has no subsidiaries	N/A
Work Health and Safety, Annual Report of	*Work Health and Safety Act 2011*, Schedule 2 Part 4 section 4	Yes	Appendix B (page 131-2)

Glossary

AASB	Australian Accounting Standards Board
Abatement	Refers to reductions in CO2e emissions
ABN	Australian Business Number, a unique number issued by the Australian Business Register
AGM	Annual General Meeting.
ATO	Australian Tax Office
CAC Act	*Commonwealth Authorities and Companies Act 1997* – the legislation that governs Australian Government statutory authorities.
Carbon footprint	According to the NCOS, a measure of the carbon dioxide equivalent emissions attributable to an activity, commonly used at an individual, household, organisation or product level.
Carbon neutrality	According to the NCOS, 'carbon neutrality' commonly refers to a situation where the net emissions associated with a product or an organisation's activities are equal to zero through the acquisition and retirement of carbon offsets that meet additionality criteria.
Carbon offsets	According to the NCOS, 'carbon offsets' represents a reduction in greenhouse gases, or enhancement of greenhouse gas removal from the atmosphere by sinks, relative to a business-as-usual baseline. Carbon offsets are tradeable and often used to negate (or offset) all or part of another entity's emissions.
Clean Energy Finance Corporation (CEFC)	The Clean Energy Finance Corporation is a legislated fund dedicated to investing in clean energy. Under its enabling legislation, its investment activities will be funded through a special appropriation of $2 billion to a Special Account every year for five years, commencing from 1 July 2013. The Australian Government previously determined that Low Carbon Australia will be integrated into the CEFC.
CEFC Act	*Clean Energy Finance Corporation Act 2012* – the enabling legislation that creates and empowers the CEFC.
CNP	Carbon Neutral Program – the certification program administered by Low Carbon Australia to certify organisations' claims about carbon neutrality under NCOS. Participation in the program is voluntary and partially funded by industry and partially funded by the Australian Government.
CO2e	Carbon dioxide-equivalent – a standard measure that takes account of the different global warming potentials of greenhouse gases and expresses the cumulative effect in a common unit (definition from the NCOS).
Co-finance partner/ Co-financed products	Investment in clean energy technology projects indirectly via a financial product that is co-financed with a third party (such as a bank, utility company or other financier). Low Carbon Australia develops these products with co-financiers to leverage their capital and existing sales networks. These products can be distinguished from a direct loan.
Cogeneration	The generation of power and useful heat.
Distributed generation	Distributed generation is essentially generation that occurs away from large power stations, and closer to where the power is used, typically on the lower voltage distribution network (that is, generation that is 'distributed' throughout the network rather than centralised at a power station). Examples are on site co-generation or solar panels on a roof). It can include (for example) co-generation within a building or factory (embedded generation), or even a network of connected buildings (precinct generation).
EAP	Employee Assistance Program
EEP	Energy Efficiency Program – the investment fund administered by Low Carbon Australia. The fund only invests for energy efficiency or GHG abatement, primarily in non-residential buildings and industrial processes. The program is funded by the Australian Government.
EFM	Eureka Funds Management

Embedded generation	Generation of energy on site (for example, solar panels on a roof or a gas fired generator), as opposed to buying energy generated from afar and transmitted to the site (for example, electricity from a utility transmitted through the electricity network).
Environmental Upgrade Agreement (EUA)	A type of finance created by statute, presently legislated for in Victoria and NSW and available in local government jurisdictions of City of Melbourne (Victoria) and across New South Wales including the City of Sydney, North Sydney, Parramatta, Lake Macquarie and Newcastle local government areas. Funding from a financier is repaid as a council rate and charge, increasing the security of the finance.
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999.*
Equity	In finance terms, owned capital (such as shares) in a business or enterprise.
ESD	**e**cologically **s**ustainable **d**evelopment – a set of principles that corporations and government entities must report against under the EPBC Act.
Finance lease	According to the relevant accounting standard, finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred (AASB 117).
GHGs	**G**reen**h**ouse **g**ases – The atmospheric gases responsible for causing global warming and climate change. The six Kyoto Protocol classes of greenhouse gases are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydro-fluorocarbons (HFCs), per-fluorocarbons (PFCs) and sulphur hexafluoride (SF6).
Hire purchase	According to the relevant accounting standard, a type of lease where the contract is for the hire of an asset and contains a provision giving the hirer an option to acquire title to the asset upon the fulfilment of agreed conditions. (AASB 117).
HVAC	**H**eating, **V**entilation and **A**ir **C**onditioning
Investment pipeline	The forward view of future investment opportunities.
LCAL	**L**ow **C**arbon **A**ustralia **L**imited
Lease	According to the relevant accounting standard, a lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The AASB has determined two types of lease – finance leases and operating leases (AASB 117).
LNG	**l**iquefied **n**atural **g**as
Low emissions technology	Low emission technologies can describe a number of activities including but not limited to: • energy production • electricity generation including the use of non-renewable, fossil fuels • fuels for and modes of transportation; and • using, reducing, or eliminating existing fugitive greenhouse gas emissions.
Mezzanine debt	A specific type of non-guaranteed debt that stands between equity and senior debt and subordinate to the senior debt. May or may not be convertible to equity.
NABERS	**N**ational **A**ustralian **B**uilt **E**nvironment **R**ating **S**ystem – a national ratings system that measures energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.
NAB/EFM	**N**ational **A**ustralia **B**ank/**E**ureka **F**unds **M**anagement – Low Carbon Australia's co-finance partners in the NAB Environmental Upgrade Funding co-financed product.
NCOS	**N**ational **C**arbon **O**ffset **S**tandard – the Australian Government standard for carbon neutrality.
Offtake agreement	An offtake agreement is an agreement between any producer (for example of energy or of crops) and a purchaser where the agreement is for future production.

Operating lease	According to the relevant accounting standard, operating leases are all leases other than finance leases (AASB 117).
'Pari passu' debt	A Latin term used in the legal and finance industry term that means 'on an equal footing' or 'on an equal basis' – for example, a loan in which two lenders agree to share any losses that arise on an equal basis. As opposed to 'subordinated debt'.
Project proponents	The 'proposers' or owners of a given project, as opposed to the project financiers.
PV	PV is short for 'photovoltaic' and refers to a type of solar cell generation, as in 'solar PV'.
REITS	Real Estate Investment Trusts
Real Estate Mortgage	A loan secured against real estate, as opposed to a Chattel Mortgage
Strategic Alliance Partner	An engineering firm, product vendor, or environmental services company that Low Carbon Australia partners with to identify, channel and further develop project opportunities.
Subordinated debt	Where two financiers are involved in offering finance, one may take a 'subordinated' or 'junior debt' position relevant to the other ('senior debt') in the event of a loss (e.g. one financier may take a 'first loss' or higher risk position in the event the finance recipient becomes insolvent and cannot repay the loan). As opposed to 'pari-passu debt'.
TAEUF	The Australian Environmental Upgrade Fund – a special purpose vehicle owned by NAB/EFM and Low Carbon Australia, used to deliver NAB Environmental Upgrade Funding.
TAEUF 2	The Australian Environmental Upgrade Fund No. 2 – a second special purpose vehicle owned by EFM and Low Carbon Australia, used to deliver ANZ Environmental Upgrade financing.
Tenor	Length or term of the loan.
t CO2-e	Stands for tonnes of carbon dioxide equivalent greenhouse gas.
Tri-generation	A system of generating power, heating and cooling. A tri-generation system is identical to a cogeneration system with the addition of the cooling element.
WHS Act	*Work Health Safety Act 2011*

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Low Carbon Australia Limited is an independent company established by the Australian Government to deliver innovative programs to help the move towards a low carbon economy.