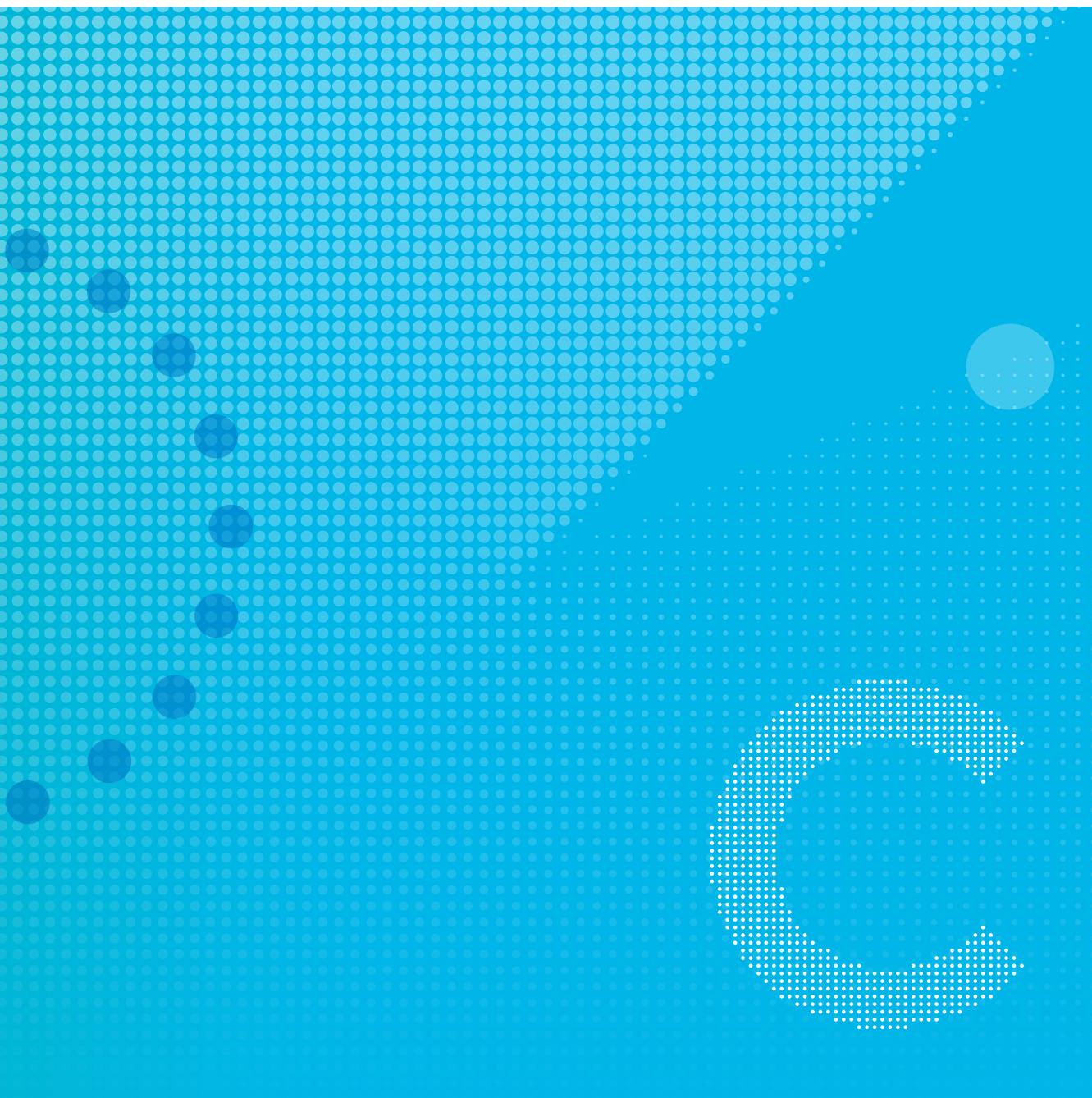




Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY ANNUAL REPORT 2017-18



ABOUT THIS REPORT

The Climate Change Authority's annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*.

The annual report is available in print from 13 libraries around Australia and online at www.climatechangeauthority.gov.au/about-cca.

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ISBN: 978-0-6481620-3-2

Published by the Climate Change Authority

www.climatechangeauthority.gov.au

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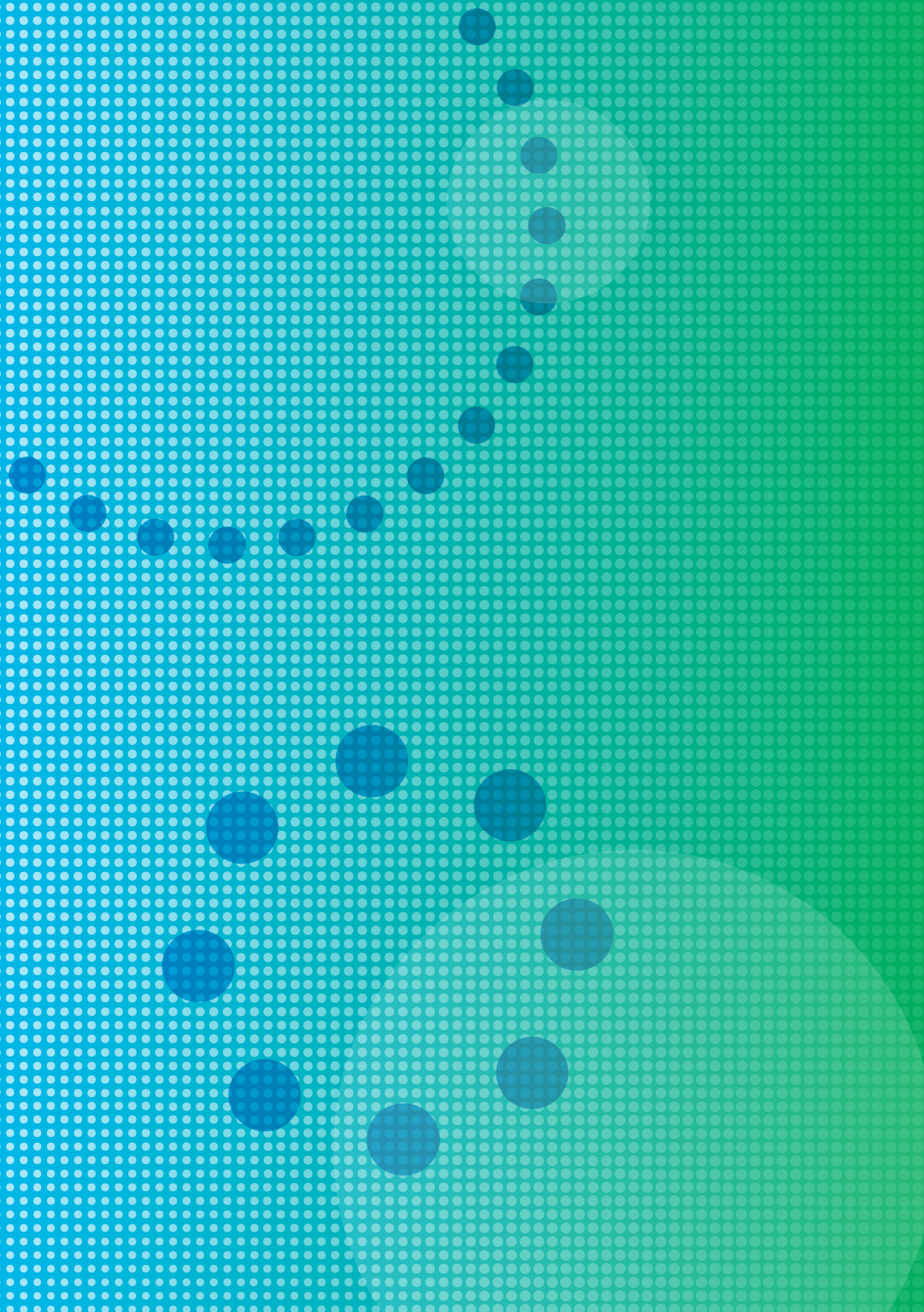


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CLIMATE CHANGE AUTHORITY
ANNUAL REPORT 2017-18





Australian Government
Climate Change Authority

The Hon Melissa Price MP
Minister for the Environment
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to provide you with the Climate Change Authority's annual report for the financial year 2017-18.

This document has been prepared in accordance with section 81 of the *Climate Change Authority Act 2011* and section 46 of the *Public Governance, Performance and Accountability Act 2013*. I certify that all of the requirements have been addressed.

Yours sincerely

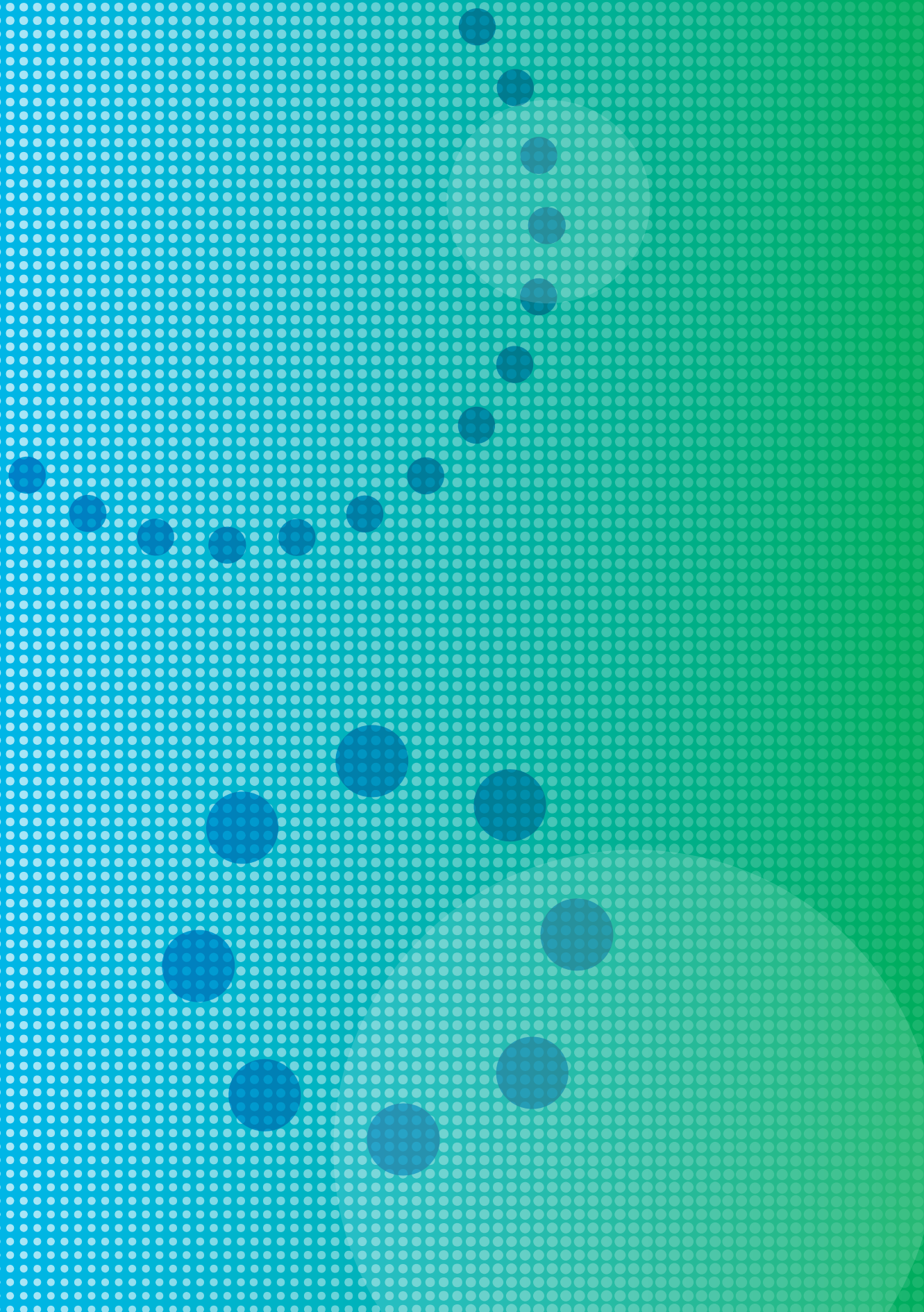
A handwritten signature in blue ink, appearing to read 'Gayle Milnes'.

Gayle Milnes
A/g Chief Executive Officer

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MEMBERS OF THE CLIMATE CHANGE AUTHORITY

1



CHAIR: DR WENDY CRAIK AM

Dr Wendy Craik was appointed Chair of the Authority on 1 May 2016 for a period ending 11 October 2020. Dr Craik was a member of the Authority from 12 October 2015 to 30 April 2016.

Dr Craik has over 25 years' experience in senior roles in public policy, including as Commissioner at the Productivity Commission, Chief Executive of the Murray–Darling Basin Commission, President of the National Competition Council, Chair of the Australian Fisheries Management Authority and Australian Rural Leadership Foundation, Executive Director of the National Farmers' Federation and Executive Officer of the Great Barrier Reef Marine Park Authority. She has been a director on a number of boards. She is currently Chair of the NSW Marine Estate Management Authority, Chair of the National Environmental Science Program Climate Science and Earth Systems Hub Steering Committee and a board member of the Reserve Bank of Australia and Australian Farm Institute.

Dr Craik was invested as a Member of the Order of Australia in 2007 for service to the natural resource sector of the economy, particularly in the areas of fisheries, marine ecology and management of water reform, and for contributions to policies affecting rural and regional Australia.



EX OFFICIO MEMBER AND CHIEF SCIENTIST: DR ALAN FINKEL

Dr Alan Finkel commenced as Australia's Chief Scientist in January 2016. The Chief Scientist is an ex officio member of the Climate Change Authority. Dr Finkel is a prominent engineer, respected neuroscientist, successful entrepreneur and philanthropist with a personal commitment to innovation and commercialisation. Prior to becoming Chief Scientist, he was the Chancellor of Monash University and President of the Australian Academy of Technological Sciences and Engineering.



MR STUART ALLINSON

Mr Stuart Allinson was appointed as a member of the Authority on 12 October 2015 for a term of five years. Mr Allinson was the acting Chair of the Authority from 12 October 2015 to 30 April 2016.

Mr Allinson's career has predominately focused on the energy sector, as a manager, consultant and company director in Australasia and Europe. In 2012, Mr Allinson co-founded BidEnergy and as Managing Director, took the company to an ASX listing in 2016. He is now a professional company director and is involved with a number of high growth businesses in the energy and sustainable technology sectors.

Mr Allinson attended Imperial College of Science and Technology and holds a BSc Mathematics Upper Second Class Honours (Associate of the Royal College of Science) and Master of Petroleum Engineering (Associate of the Royal School of Mines). He also holds a Master of Business Administration, Royal Victoria University of Manchester, England. While studying for his MBA, he attended Kellogg Graduate School of Management in Illinois as part of an international student exchange programme.

Mr Allinson's early career was in oil and gas exploration and production. He later specialised in energy and environmental market deregulation. In 1997, he immigrated to Australia to work with Ernst & Young as an energy market specialist, consulting to governments, regulators and businesses involved with market reform.



MS KATE CARNELL AO

Ms Kate Carnell was appointed as a member of the Authority on 12 October 2015 for a term of five years.

In March 2016, Ms Carnell became Australia's first Small Business and Family Enterprise Ombudsman.

Ms Carnell was the CEO of the Australian Chamber of Commerce and Industry (ACCI) from May 2014 to February 2016. ACCI is Australia's largest and most representative business organisation, advocating for over 300,000 businesses across all industries.

Ms Carnell is well known and respected in the not-for-profit and business communities, having served two years as CEO of beyondblue and four years as CEO of the Australian Food and Grocery Council.

Ms Carnell began her professional life as a pharmacist. She owned and managed pharmacies for some 20 years, was the inaugural chair of the ACT Branch of the Australian Pharmacy Guild and went on to become National Vice-President of the Pharmacy Guild of Australia.

Ms Carnell served as Chief Minister of the ACT from 1995 to 2000.

In 2006, Ms Carnell was appointed as an Officer of the Order of Australia for her services to community through contributions to economic development and support for the business sector, knowledge industries, the medical sector and medical technology advances.



THE HON JOHN SHARP AM

Mr Sharp was appointed as a member of the Authority on 12 October 2015 for a term of five years.

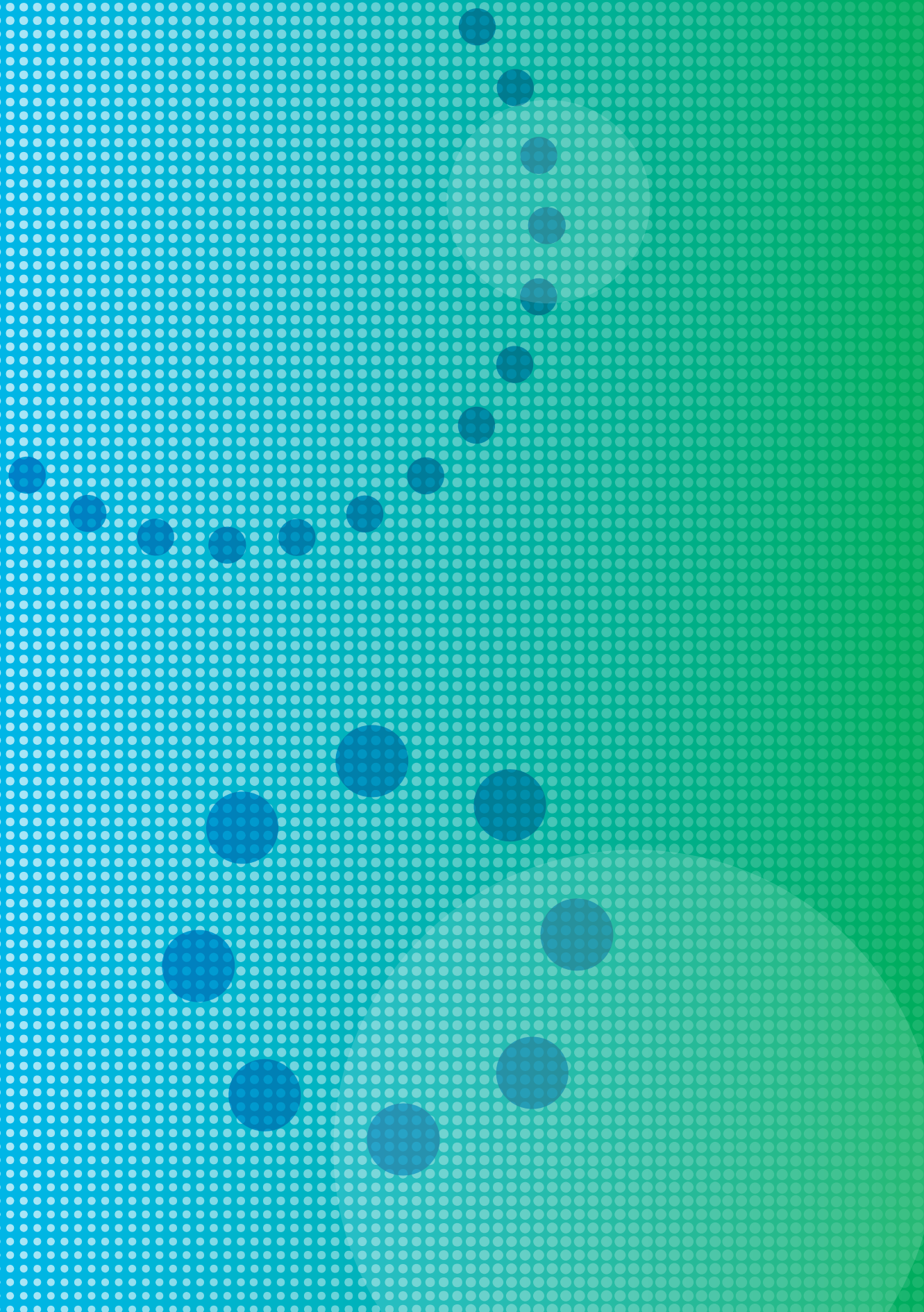
Mr Sharp has a farming and business background. His political career commenced in 1980 at the age of 25 when he was elected to the Young Shire Council. In 1984, he was elected to the Federal Parliament as the National Party member for Gilmore. Following redistribution in 1993, he represented the seat of Hume. Mr Sharp served 14 years in the Federal Parliament, and from 1987 to the end of 1997 was a member of the Coalition's front bench as Shadow Minister and then Minister for Transport and Regional Development. He served as Federal Treasurer of the National Party from 2000–15.

During his parliamentary career, Mr Sharp became well known and respected for his role in promoting aviation safety and was responsible for numerous reforms, including a complete rewrite of the aviation regulations. He was also responsible for the reform of Australia's railways, creating the Australian Rail Track Corporation.

Mr Sharp is founder and director of Thenford Consulting, a high-level aviation and transport consulting company, Deputy Chairman of Australia's largest independent regional airline, Regional Express (Rex), Chairman of Pel Air, an airfreight business and charter operator, director of Luerssen Australia, and the Australian Maritime Shipbuilding and Export Group.

From 2001–15, Mr Sharp served as a director of Airbus Group Australia Pacific. He was a director of Skytraders, operating aircraft for the Australian Antarctic Division, from 2005–13 and the French/Australian Chamber of Commerce and Industry.

Mr Sharp was invested as a Member of the Order of Australia in 2018 for significant service to the people and Parliament of Australia, to the aviation industry, and to the community.



2

CHIEF EXECUTIVE OFFICER'S REVIEW



I am pleased to present the Climate Change Authority's sixth annual report for the year to June 2018.

Over the year, the Authority provided advice to the Australian Government on a range of climate change matters through its reviews of the Emissions Reduction Fund and the National Wind Farm Commissioner, as well as its publication of the *Reaping the Rewards* report.

These high quality reviews and reports have been well-received and informed public discussion and decision making on climate policy. They draw on the best available knowledge and expertise, and a broad range of perspectives from across the Australian community and economy. The advice embodies the Authority's core principles and values such as independence, transparency, and good governance and accountability.

Looking ahead, the Authority will focus on its review of the National Greenhouse and Energy Reporting legislation which is to be finalised by end 2018. It will complete any special reviews requested by the Government and identify and undertake self-generated research on climate change matters.

The Authority continues to operate in an uncertain environment that has shifted significantly since its establishment in 2012. Government policy is to wind it up during the life of the current Parliament. This would require changes to the Authority's enabling legislation and it is unclear when this would occur.

It is a testament to the commitment and capability of its members and staff that the Authority continues to produce high quality work that informs Australia's climate policy. I pay particular tribute to Ms Shayleen Thompson for her exemplary leadership and achievements as the Chief Executive Officer of the Authority over three years to June 2018.

A handwritten signature in blue ink, reading "Gayle Milnes".

Gayle Milnes
A/g Chief Executive Officer



ABOUT THE CLIMATE CHANGE AUTHORITY



3.1. FUNCTIONS OF THE AUTHORITY

The Authority was established under the *Climate Change Authority Act 2011* (the Act) and commenced operation on 1 July 2012. The Authority is a non-corporate independent statutory body established to provide advice on climate change issues.

The Authority has a number of functions as set out under the Act. These include:

- conducting reviews and making recommendations on the *Carbon Credits (Carbon Farming Initiative) Act 2011* and *National Greenhouse and Energy Reporting Act 2007*—these review requirements are established in legislation
- conducting reviews and making recommendations on other matters as requested by the Minister responsible for climate change, or the Australian Parliament
- undertaking its own independent research and analysis into climate change and other matters relevant to its functions.

The Authority reports to the Commonwealth Parliament through the Minister responsible for climate change.

3.2. ORGANISATIONAL STRUCTURE

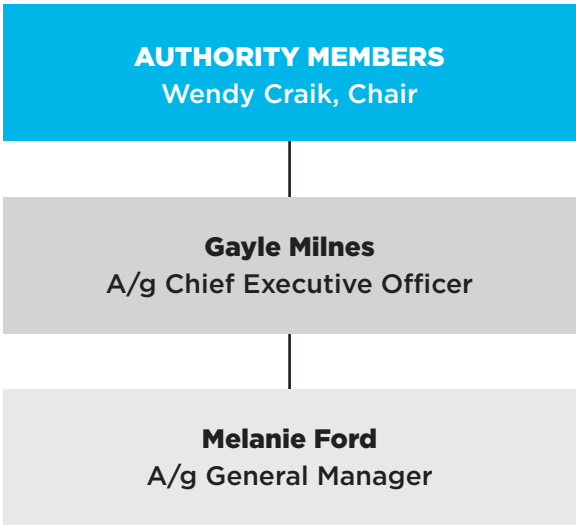
The Authority's organisational structure is outlined in Figure 1. A fully constituted Authority comprises a Chair and up to seven part-time members, plus an ex officio member—Australia's Chief Scientist. Members are appointed by the Minister responsible for climate change under section 18 of the Act. There are currently five Authority members including the Chair of the Authority, Dr Wendy Craik AM.

The Authority has engaged Dr Scott Power from the Bureau of Meteorology to provide advice on climate science.

Authority members are supported by the Chief Executive Officer (CEO) and Authority staff, known as the Authority's secretariat. The CEO is responsible for the day-to-day administration of the Authority. Ms Gayle Milnes is the acting CEO.

The Authority has established structures, systems and processes to meet its governance, compliance and accountability responsibilities (see Chapter 5).

FIGURE 1: CLIMATE CHANGE AUTHORITY ORGANISATION CHART



3.3. PURPOSE

The Authority’s objective is to provide rigorous, independent and balanced advice to the Minister responsible for climate change and the Australian Parliament on climate change policy, in order to improve the quality of life for all Australians.

The Authority does this by conducting statutory and specifically commissioned reviews, and by undertaking climate change research.

3.4. OUTCOME AND PROGRAMME STRUCTURE

The Commonwealth Government requires agencies to measure their performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programmes that contribute to government outcomes over the Budget and forward years.

A summary of the Authority’s outcome is described below, together with its related programme.

BOX 1: OUTCOMES AND PERFORMANCE INFORMATION**Outcome description**

Provide expert advice to the Australian Government on climate change mitigation initiatives, including through conducting regular and specifically commissioned reviews and through undertaking climate change research.

Outcome strategy

The Authority is delivering independent expert advice on climate change mitigation initiatives. In 2017–18, the Authority will undertake stakeholder engagement, research and analysis to inform its review and other research reports.

This outcome is linked to *Programme 1.1: Reviewing Climate Change Mitigation Policies*. Performance against this programme is assessed in Chapter 4.



ANNUAL PERFORMANCE STATEMENT

4

4.1. INTRODUCTORY STATEMENT

This report provides the 2017–18 annual performance statements for the Climate Change Authority, as required under section 39(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 16F of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). These annual performance statements are based on properly maintained records, accurately reflect the performance of the Authority and comply with section 39(2) of the PGPA Act.

4.2. PURPOSE

The Authority's purpose is to provide expert advice to the Australian Government on climate change mitigation initiatives, including through conducting regular and specifically commissioned reviews and through undertaking climate change research (Portfolio Budget Statement Outcome 1).

4.3. ACTIVITIES

Over the year, the Authority pursued this purpose by undertaking the following activities.

Activity 1: Complete review of the *Carbon Credits (Carbon Farming Initiative) Act 2011* by 31 December 2017

- In December 2017, the Authority released the second review of the Carbon Credits legislation. The legislation underpins the Emissions Reduction Fund. The Fund enables landholders, businesses and others to earn Australian Carbon Credit Units from projects that reduce emissions and sell the units to the Government and others. The Australian Government made available \$2.5 billion to purchase these units; around \$250 million remains.
- The Authority found the Fund is performing well. It has created incentives for new domestic emissions reductions at low cost that are helping Australia meet its targets under the Paris Agreement.
- The Authority made recommendations to maintain the Fund's integrity, strengthen contract delivery and the private sector market, enhance administration and expand opportunities for new participants.

Activity 2: Commence work on the *National Greenhouse and Energy Reporting Act 2007* review

- The *National Greenhouse and Energy Reporting Act 2007* establishes a single national framework for companies to report their greenhouse gas emissions and energy consumption and production. The legislation also supports the safeguard mechanism, which sets limits on the emissions of large facilities.
- The Authority commenced planning and preliminary work on the review in late 2017–18. A consultation paper was released in July 2018. The review is due by end December 2018.

Activity 3: Other reviews requested by the Government or Parliament

- In March 2018, the then Minister for the Environment and Energy requested the Authority undertake a review of the National Wind Farm Commissioner. The review was published in May 2018.
- The review found the Commissioner is playing a valuable role in assisting those affected to work through issues related to wind farm development and operation.
- The Authority recommended the role continue for another three years and that the Commissioner's scope be expanded to cover large scale solar and storage development such as large scale batteries. The review recommended some enhancements to the accessibility and transparency of the Commissioner's complaints handling services and measures to broaden public awareness of the role.

Activity 4: Self-generated research and analysis

- In April 2018, the Authority released a report on ways landholders can improve on-farm profitability, reduce greenhouse gas emissions on the land and deliver other environmental benefits at the same time—*Reaping the Rewards*.
- The Authority recommended measures to help farmers and others harness these multiple benefits including developing a standard to certify projects that deliver carbon and other benefits; a new community of practice to coordinate policy across all levels of government; and the Australian Government establish a new targeted investment fund for the land to provide the necessary finance to farmers for on-farm activities that deliver multiple benefits.

Source: Programme 1.1, 2017–18 Portfolio Budget Statement, p.189; Corporate Plan 2017–18

4.4. ASSESSMENT OF THE AUTHORITY'S PERFORMANCE

In line with the 2017–18 Portfolio Budget Statements and the Authority's 2017–2021 Corporate Plan, the Authority has assessed its performance in 2017–18 against the following indicators:

- advice is timely, high quality, well-received by stakeholders, and used in public policy forums and discussions.
- public consultation processes are transparent, accessible and highly regarded by stakeholders.
- the secretariat supports effective decision making by the Authority.

Over the year, the Authority provided expert advice to the Australian Government through its reviews of the Emissions Reduction Fund and the National Wind Farm Commissioner, as well as its publication of the *Reaping the Rewards* report. It also made a start on the review of the National Greenhouse and Energy Reporting legislation, which will be finalised and assessed in the 2018–19 reporting period. The advice was timely, drew on the best available knowledge and was informed by a broad range of expertise and perspectives. The reports have informed public discussion and decision making on climate policy. The Authority has gone about its work in a transparent way and its findings were the result of independent decision making by Authority members, supported by an expert secretariat. The analysis in Table 1 indicates the Authority has met or is on track to meet its performance targets.

The Authority's reviews and research cover a diverse range of climate change matters which are often contentious and complex. They help inform public debate and policy development over an extended period. For these reasons, the Authority's contribution is best considered over the medium term. The Authority will work towards further developing its performance framework to better assess its longer term performance and influence.

Recent evidence of the Authority's contribution to policy development over the medium term is the Australian Government's response in February 2018 to the review on delivering affordable, secure and lower emissions power undertaken by the Authority and the Australian Energy Market Commission (AEMC) which was published in June 2017. This work built on previous work by the Authority and the AEMC and the Government has and continues to pursue some of the recommended reforms.

Other examples of the ongoing influence of the Authority's work are references to the Authority's previous work and findings in the media, research reports by other organisations and in Parliamentary processes. This includes the Authority's work on Australia's emissions reduction targets published in 2014 in the *Targets and Progress* review, the *2016 Special Review of Australia's climate goals and policies: Towards a policy toolkit*, which looked at the policies needed to deliver on the Paris Agreement and the 2014 report on *Light vehicle emissions standards for Australia*.

4.5. REPORT ON PERFORMANCE

TABLE 1: PERFORMANCE INFORMATION

ACTIVITY: REVIEW OF THE CARBON CREDITS LEGISLATION AND THE EMISSIONS REDUCTION FUND

KEY PERFORMANCE INDICATOR	
<ul style="list-style-type: none"> The Authority's advice is timely, high quality, well-received by stakeholders, and used in public policy forums and discussions. The Authority's public consultation processes are transparent, accessible and highly regarded by stakeholders. The Authority's secretariat supports effective decision making by the Authority. 	
ASSESSMENT	
Target: Finalise review of the Carbon Credits legislation and the Emissions Reduction Fund by 31 December 2017	Met
The review was released on 11 December 2017, well before the legislated due date.	
Target: Advice draws on the best available knowledge and is informed by a broad range of perspectives	Met
<p>The Authority's review was informed by a comprehensive evidence base, including the Authority's own research and analysis, using both domestic and international sources, and extensive stakeholder consultations. The review references 100 citations and draws on the latest, best available and most relevant information from stakeholder consultations, the Emissions Reduction Fund project register and auction results, the legislation, academic journal articles, research reports and earlier reviews.</p> <p>To collect up-to-date and relevant information from a broad range of stakeholders with different perspectives, the Authority consulted with more than 27 organisations and received 28 written submissions. The Authority spoke to representatives from industry, all levels of government, project developers, environmental and natural resource management groups, peak body representatives, carbon market industry participants and interested individuals in urban and regional areas across Australia. The Authority also consulted extensively with the Clean Energy Regulator, which is responsible for administering the Emissions Reduction Fund, and the Department of the Environment and Energy which is responsible for policy development.</p> <p>The diverse range of views collected through consultations and the 28 written submissions received are reflected in the review's content, which has over 90 references to stakeholder submissions or other communications.</p> <p>The Authority also undertook a comprehensive fact checking process internally and engaged with experts during the development of the review report and its recommendations. The Authority's findings were a result of independent decision making by Authority members, supported by the secretariat.</p>	

Target: Government considers the Authority's findings and recommendations in developing and implementing policy**On track to meet**

In response to requests about the review's findings and recommendations, the Authority has spoken with officials from Government agencies including the Department of the Environment and Energy and the Clean Energy Regulator.

In its 2017 Review of Climate Change Policies, the Government said it would continue to look at ways of improving the operation of the Fund, including by considering the Authority's recommendations.

As at end September 2018, the Government is yet to table a response to the Authority's review in Parliament (as required by the *Climate Change Authority Act 2011*).

Target: The Authority's research and analysis influences the public policy debate on climate change issues**Met**

The review was placed on the Authority's website on 11 December 2017. It has generated considerable interest having been viewed over 2,100 times and referred to in the media by outlets with national reach such as The Guardian and the Sydney Morning Herald. Other articles also appeared in specialist media outlets such as Carbon Pulse, Energy Matters, RenewEconomy and The Conversation. The review has also been referenced or referred to in other forums such as academic journals.

Target: Public consultation is comprehensive, representative and transparent**Met**

Public consultation was comprehensive and representative with the Authority meeting or talking to individuals from more than 27 organisations. This included speaking to representatives from industry, all levels of government, project developers, environmental and natural resource management groups, peak body representatives, carbon market industry participants and interested individuals in urban and regional areas across Australia. The Authority consulted extensively with the Clean Energy Regulator, which is responsible for administering the Emissions Reduction Fund and the Department of the Environment and Energy which is responsible for policy development.

Public consultation was transparent. The Authority released a consultation paper on its website in August 2017, disseminated it to interested parties that had subscribed to the Authority's emails and also directly targeted other relevant individuals and organisations. 28 written submissions were received and are available on the Authority's website (other than those submissions marked as confidential). The Authority sought stakeholder views through roundtables and individual meetings throughout Australia's capital cities and regional areas.

Target: Authority members express satisfaction with secretariat's work**Met**

Authority members, including the Chair, provided positive feedback to the secretariat on the process for undertaking the review and the review report itself. The secretariat also met the Authority's expectations around the timely delivery of research, analysis and overviews of stakeholder feedback.

ACTIVITY: REVIEW OF THE NATIONAL WIND FARM COMMISSIONER

KPI

- The Authority's advice is timely, high quality, well-received by stakeholders, and used in public policy forums and discussions.
- The Authority's public consultation processes are transparent, accessible and highly regarded by stakeholders.
- The Authority's secretariat supports effective decision making by the Authority.

ASSESSMENT

Target: Finalise review of the National Wind Farm Commissioner by 31 May 2018

Met

The review was released on 31 May 2018, the due date specified by the then Minister for the Environment and Energy.

Target: Advice draws on the best available knowledge and is informed by a broad range of perspectives

Met

The Authority's review was informed by a comprehensive evidence base, including the Authority's own research and analysis, using both domestic and international sources, and extensive stakeholder consultations. The review includes 120 citations and draws on the latest, best available and most relevant information from stakeholder consultations, academic journal articles and research reports.

To collect up-to-date and relevant information from a broad range of stakeholders with different perspectives, the Authority consulted with more than 20 organisations or individuals through meetings and teleconferences with stakeholders, and received 66 written submissions. The Authority consulted with individuals affected by proposed or operational wind farms, wind farm developers, all levels of government, and community and industry organisations.

The diverse range of views collected through consultations and submissions are reflected in the review's content, which has 90 references to stakeholder submissions or other communications.

The Authority also undertook a comprehensive fact checking process internally and engaged with experts during the development of the review report and its recommendations. The Authority's findings were a result of independent decision making by Authority members, supported by the secretariat.

Target: Government considers the Authority's findings and recommendations in developing and implementing policy

On track to meet

In response to requests, the Authority has spoken with officials from the Department of the Environment and Energy and the National Wind Farm Commissioner about the review's findings and recommendations.

The then Minister for the Environment and Energy requested the Authority undertake this review.

The Government's response (as required by the *Climate Change Authority Act 2011*) is due by 30 November 2018.

Target: The Authority's research and analysis influences the public policy debate on climate change issues

Met

The review was placed on the Authority's website on 31 May 2018. It has generated considerable interest, having been viewed over 800 times and picked up in media articles by outlets with national reach such as The Guardian and the Sydney Morning Herald. Other articles also appeared in specialist media outlets such as RenewEconomy.

Target: Public consultation is comprehensive, representative and transparent**Met**

Public consultation was comprehensive and representative with the Authority consulting with more than 20 organisations or individuals and receiving 66 written submissions from a broad cross-section of stakeholders including industry, government, community groups and individuals. The Authority consulted with individuals affected by proposed or operational wind farms, wind farm developers, all levels of government, and community and industry organisations.

Public consultation was transparent. The Authority put out a public call for submissions in March, and reached out to particular individuals and organisations. The Authority also asked the Commissioner to alert others that it was undertaking the review. Written submissions are available on the Authority's website (other than those submissions marked as confidential).

Target: Authority members express satisfaction with secretariat's work**Met**

The then Minister for the Environment and Energy requested the Authority undertake this review on 3 March 2018. The review was delivered in less than three months. The secretariat met the Authority's expectations around the timely delivery of research, analysis and overviews of stakeholder feedback.

Authority members, including the Chair, provided positive feedback to the secretariat on the process for undertaking the review and the review report.

ACTIVITY: RESEARCH REPORT: REAPING THE REWARDS: IMPROVING FARM PROFITABILITY, REDUCING EMISSIONS AND CONSERVING NATURAL CAPITAL
KPI

- The Authority's advice is timely, high quality, well-received by stakeholders, and used in public policy forums and discussions.
- The Authority's public consultation processes are transparent, accessible and highly regarded by stakeholders.
- The Authority's secretariat supports effective decision making by the Authority.

ASSESSMENT

Target: Finalise the research report within set timelines	Partly met
--	-------------------

The research report was released on 27 April 2018. This was not a legislated review so there was no set due date. There were delays in releasing the report as resources needed to be reallocated to the request from the Government to provide advice on electricity security and prices by June 2017 and then to the review of the Emissions Reduction Fund, released in December 2018.

Target: Advice draws on the best available knowledge and is informed by a broad range of perspectives	Met
--	------------

The Authority's report was informed by a comprehensive evidence base, including the Authority's own research and analysis, using both domestic and international sources, and extensive stakeholder consultations. The Authority's research report contains 186 citations and draws on the latest, best available and most relevant information from stakeholder consultations, academic journal articles and other reports and research.

To collect up-to-date and relevant information from a broad range of stakeholders with different perspectives, the Authority consulted with more than 25 organisations and received 19 written submissions. The Authority spoke to individuals from all levels of government, natural resource management groups, industry and academics. The Authority also drew on public submissions to other Government review processes.

The diverse range of views collected through consultations and submissions are reflected in the research report's content, which has over 20 references to stakeholder submissions or other communications.

The Authority also undertook a comprehensive fact checking process internally and engaged with experts during the development of the review report and its recommendations. The Authority's findings were a result of independent decision making by Authority members, supported by the secretariat.

Target: Government considers the Authority's findings and recommendations in developing and implementing policy	On track to meet
--	-------------------------

Although the Government is not required to formally respond to the report's recommendations, it has said in its *2017 Review of Climate Change Policies* that it would consider the Authority's findings.

During the development of the report and in response to requests, the Authority has spoken with officers from the Department of the Environment and Energy and the Department of Agriculture and Water Resources about the findings and recommendations of this report.

Target: The Authority's research and analysis influences the public policy debate on climate change issues

Met

The research report was placed on the Authority's website on 27 April 2018. It has generated widespread interest having been viewed over 500 times and picked up in media reports, including in Carbon Pulse and Footprint. The acting CEO was asked to present on the findings of this work at the Carbon Market Institute conference in May 2018. The Authority has discussed the report with a range of organisations during its development and following its release and has also outlined its key findings to Parliamentary committees.

Target: Public consultation is comprehensive, representative and transparent

Met

Public consultation was comprehensive and representative. The Authority consulted with more than 45 people from over 25 organisations and received 19 written submissions from a broad cross-section of stakeholders across all levels of government, natural resource management groups, industry and academics. The Authority also drew on public submissions to other Government review processes.

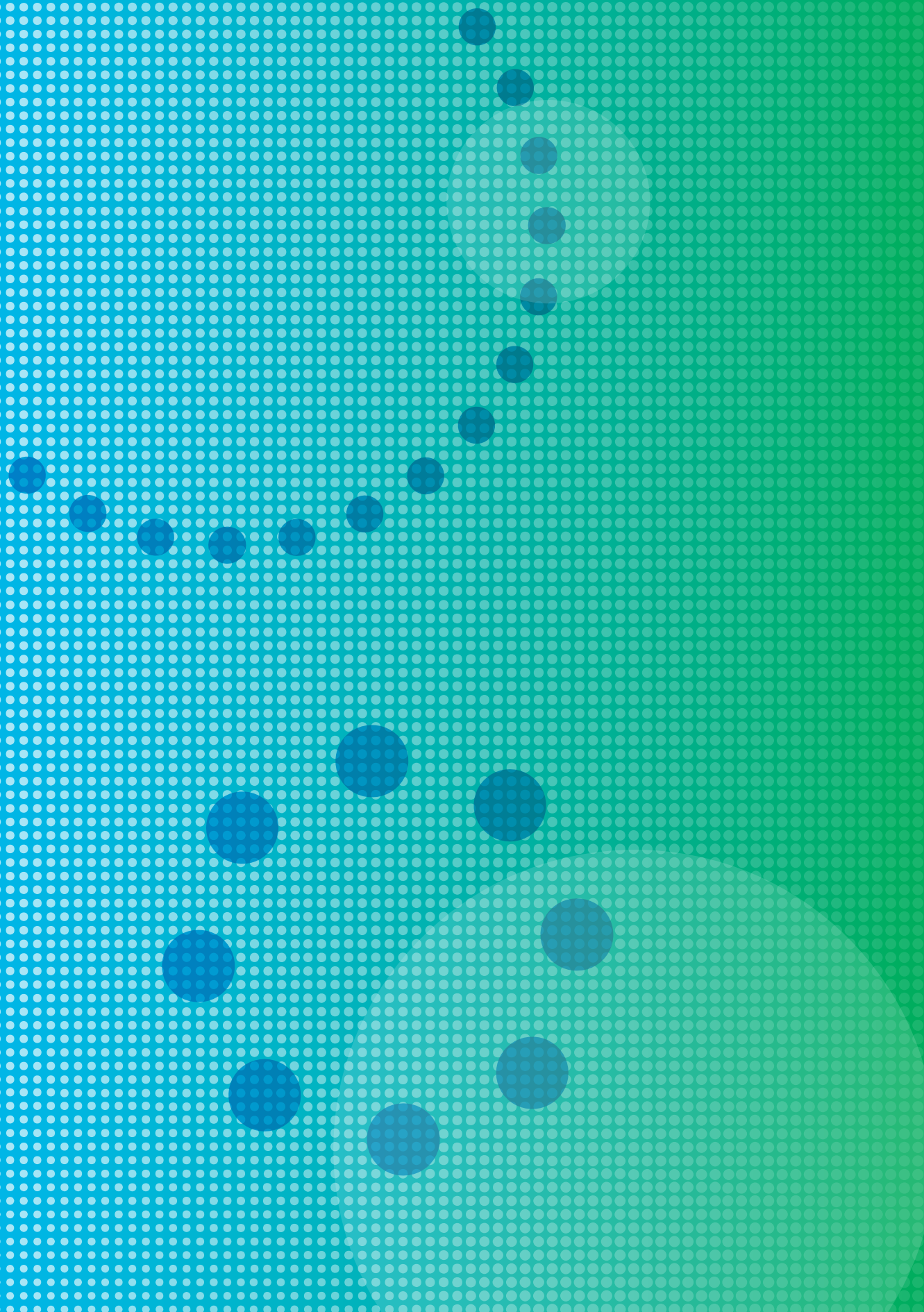
Public consultation was transparent. The Authority published an issues paper calling for input on the report in March 2017. Written submissions are available on the Authority's website (other than those submissions marked as confidential).

Target: Authority members express satisfaction with secretariat's work

Met

The secretariat met the Authority's expectations around the timely delivery of research, analysis and overviews of stakeholder feedback given changing priorities, resources and deadlines.

Authority members, including the Chair, provided positive feedback to the secretariat on the process for undertaking the review and the review report.



MANAGEMENT AND ACCOUNTABILITY

5

5.1. CORPORATE GOVERNANCE

The Climate Change Authority is a non-corporate independent statutory authority comprising a Chair and up to eight members. The Authority is supported by a CEO and nine other staff (as at 30 June 2018).

As with other Commonwealth bodies where a significant degree of independence is required, the Authority is subject to ministerial direction on general matters only, not on the conduct or content of its reviews.

The Authority's CEO is responsible for its day-to-day administration. During 2017–18, the acting CEO was supported by the acting General Manager Reviews and a Chief Finance Officer. This group comprises the Authority's executive management team.

The Authority is bound by the PGPA Act and the *Public Service Act 1999*.

The Authority's recently published corporate plan covers the periods 2018–19 to 2021–22. It was prepared in accordance with the requirements of the PGPA Act. This plan, along with the governance, direction and compliance requirements of the PGPA Act and the *Public Service Act 1999*, provides the Authority with a strong corporate governance environment.

5.1.1 RISK MANAGEMENT

The Authority recognises that effective risk management is a key element in effective governance. In 2017–18, the Authority further refined the foundation work on risk management that was undertaken in its first five years of operation. An ongoing major focus for 2017–18 was to ensure that risk management was maintained as an organisation-wide priority and to further embed Authority risk management practices.

The Authority updated its Risk Management Policy and Framework which was endorsed by the Audit Committee in March 2018. The Chief Finance Officer is responsible for maintaining the Strategic Risk Profile. Individual risk action plans are maintained that identify the current risk profile, current controls and agreed management actions. The Strategic Risk Profile and risk action plans are updated and any changes in the risk profile or key risks are reported to the executive management team and Audit Committee on a regular basis.

The Authority's risk management framework complies with the requirements of the Commonwealth Risk Management Policy and the PGPA Act.

5.1.2 FRAUD CONTROL

The Authority updated its Fraud Control Plan which was endorsed by the Audit Committee in March 2018. The plan complies with the requirements of the Commonwealth Fraud Control Policy and PGPA Act. The Fraud Control Plan sets the standard and process for the management, control and reporting of actual fraud, suspected fraud and the risk of fraud. All suspected fraud matters are required to be reported to the CEO and Audit Committee.

As part of its ongoing fraud risk assessment activities, the Authority conducted a review of its fraud risks and a formal risk assessment. This included identifying control measures and proposed treatments. The plan requires all Authority staff to participate in fraud awareness training.

There were no incidents of suspected or actual fraud in 2017–18.

5.1.3 ASSETS AND ASSET MANAGEMENT

In 2017–18, the Authority did not manage assets. All assets were transferred to the Department of the Environment and Energy in September 2016, following the move from Melbourne to Canberra.

5.1.4 SHARED SERVICES

The Authority maintains agreements for the provision of corporate services with the Department of Industry, Innovation and Science and the Department of the Environment and Energy.

The Industry arrangement covers the provision of finance, payroll and human resources systems and support.

The Environment arrangement provides information technology systems and support, and some corporate support including legal, freedom of information, budget coordination and some travel services.

These arrangements are performed on a fee-for-service basis. They are appropriate for a small agency, in line with the Government's shared services agenda, and provide continuity in an uncertain environment.

5.1.5 INTERNAL AUDIT

The Authority's Audit Committee provides independent advice to the CEO on risk, fraud management and performance reporting and ensures the Authority has a strong compliance framework.

In 2017–18, there were two new appointments to the committee. In March 2018, Mr Chris Ramsden replaced Ms Lily Viertmann, and in May 2018, Sita Jackson was appointed.

The Audit Committee met twice during the year—on 20 September 2017 and 26 March 2018, with member attendance detailed in Table 5.1.

TABLE 5.1: AUDIT COMMITTEE MEMBERS & ATTENDANCE

20 SEPTEMBER 2017	26 MARCH 2018
Ms Jo Schumann (Chair)	Ms Jo Schumann (Chair)
Ms Carol Cote on behalf of Ms Lily Viertmann	Mr John Begley on behalf of Ms Linda Nitschke
Mr. John Begley on behalf of Ms Linda Nitschke	Mr Chris Pattas
Mr Chris Pattas (apologies)	Mr Chris Ramsden

For 2017–18, the major business of the committee focused on reviewing or approving the Authority’s governance arrangements including:

- Risk Management Policy and Framework
- Fraud Control Plan
- Business Continuity Plan
- budget processes
- performance reporting, including key performance indicators
- internal shared service governance arrangements
- compliance reporting
- the Audit Plan.

5.1.6 EXTERNAL SCRUTINY

During 2017–18:

- no judicial, administrative tribunal or Australian Information Commissioner decisions relating to the Authority were handed down
- there were no reports by the Auditor-General on the operations of the Authority, other than the report on the annual financial statements contained at **Appendix A**
- there were no reports on the operations of the Authority conducted by a Parliamentary Committee or the Commonwealth Ombudsman
- the Authority appeared before the Senate Standing Committee on Environment and Communications for Senate Budget and Additional Estimates as required.

5.1.7 ETHICAL STANDARDS

In managing and developing its people, the Authority is bound by the *Public Service Act 1999* and the guidelines of the Australian Public Services Commission.

Values and behaviours are a key element of the Authority’s corporate plan, and the Authority’s values and behaviours align to the Australian Public Service Values and Code of Conduct.

During 2017–18, the Authority maintained a range of measures to promote ethical standards and all employees were provided with a copy of the Australian Public Service Values and Code of Conduct.

5.1.8 FREEDOM OF INFORMATION

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report.

Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme requirements. The Authority publishes on its website all mandatory information on activities under the FOI Act.

5.1.9 ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1991* requires Commonwealth Government organisations to detail their environmental performance and contribution to ecologically sustainable development in their annual reports. Further information about the Act, including a link to the Act, can be found at www.environment.gov.au/epbc/about.

In 2017–18, the Authority continued a range of measures contributing to ecologically sustainable measures including:

- providing downloadable publications on the Authority’s website to reduce the need to print and distribute hard-copy material
- purchasing paper with 100 per cent Australian recycled content
- applying sustainable practices in the office aimed at reducing energy and resource consumption including:
 - mandating default two-sided, black and white printing
 - ensuring equipment such as desktop computers, photocopiers, dishwashers and printers incorporate energy efficiency features
 - recycling paper, cardboard and printer cartridges.

5.2. FINANCIAL OVERVIEW

5.2.1 FINANCIAL PERFORMANCE

The Authority met all of its financial obligations in 2017–18.

5.2.2 RESOURCE STATEMENT 2017-18

TABLE 5.2: RESOURCE STATEMENT 2017-18

AGENCY RESOURCE STATEMENT 2017-18			
	ACTUAL AVAILABLE APPROPRIATION 2017-18	PAYMENTS MADE 2017-18	BALANCE REMAINING
	\$'000	\$'000	\$'000
Ordinary annual services			
Departmental appropriation 2016-17 ¹	624	624	0
Revenue from related parties	11	11	0
Carry forward 2016-17	635	635	0
S.74 relevant agency receipts ²	1,569	1,264	305
Total ordinary annual services	1,569	1,264	305
TOTAL RESOURCING AND PAYMENTS	2,204	1,899	305

1 Appropriation Act (No. 1) 2016-17. Supply Act (No. 1) 2016-17.

2 Receipts received under s. 74 of the *Public Governance, Performance and Accountability Act 2013*. Remaining balance will be applied to meeting the future settlement of current period expenses and provisions.

5.2.3 PURCHASING

In 2017-18, the Authority sourced all goods and services in accordance with the principles set out in the Commonwealth Procurement Rules 2014.

The Authority supports small-business participation in the Commonwealth Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance website: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/. The Authority encourages greater participation by small and medium enterprises in its procurement activities by:

- communicating in clear, simple language and presenting information in accessible formats
- facilitating on-time payments by the use of electronic finance systems and the use of payment cards where appropriate.

The Authority's policy outlines the core principle underlining procurement as value for money, which is enhanced by:

- encouraging competition by ensuring non-discrimination in procurement and competitive procurement processes
- promoting the use of resources in an efficient, effective, and ethical manner
- making decisions in an accountable and transparent manner.

All competitive tenders and contracts over \$10,000 let by the Authority during 2017-18 were listed on AusTender.

During 2017-18, there were no new contracts over \$10,000 entered into by the Authority.

5.2.4 CONSULTANCIES

The Authority engages consultants when specialist expertise is required.

Any decision to engage a consultant is made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules 2014.

During 2017–18, there were no new consultancy contracts entered into by the Authority.

No procurement contracts were open during the reporting period.

Information on the value of the Authority's contracts and consultancies is available on the AusTender website, www.tenders.gov.au.

The Authority did not enter into any contracts or standing offers that were exempt from being published on AusTender. All Authority contracts contain provisions that allow for the Auditor-General to have access to the contractor's premises if required.

5.2.5 ADVERTISING AND MARKET RESEARCH

Under section 311A of the *Commonwealth Electoral Act 1918*, the Authority is required to report annually on payments made for the services of:

- advertising agencies
- market research organisations
- polling organisations
- direct mail organisations
- media advertising organisations.

During 2017–18, the Authority made no payments that were over the reportable threshold for these services and conducted no advertising campaigns.

5.2.6 GRANT PROGRAMMES

The Authority did not administer any grant programmes in 2017–18.

5.3. MANAGEMENT OF HUMAN RESOURCES

At 30 June 2018, the Authority had 10 employees, of whom eight were ongoing and two were non-ongoing. All Authority staff are located in Canberra.

Ms Shayleen Thompson was the acting CEO of the Authority from 3 April 2015 through to 30 June 2018. Ms Gayle Milnes was appointed acting CEO of the Authority from 23 July 2018.

In 2017–18, the Authority had no non-ongoing or ongoing employees who identified as Indigenous.

5.3.1 STAFFING STATISTICS

The distribution of staff by classification and employment status is shown in Table 5.3. Authority staff remuneration bands are shown in Table 5.4.

TABLE 5.3: CLIMATE CHANGE AUTHORITY STAFF NUMBERS BY CLASSIFICATION, GENDER AND EMPLOYMENT STATUS, 30 JUNE 2018

CLASSIFICATION	FEMALE		MALE		TOTAL
	Full-time	Part-time	Full-time	Part-time	
CEO	1	0	0	0	1
SES Band 1	1	0	0	0	1
Executive Level 2	0	1	0	0	1
Executive Level 1	2	1	0	0	3
APS 6	1	0	2	0	3
APS 3	0	1	0	0	1
Total	5	3	2	0	10

TABLE 5.4: CLIMATE CHANGE AUTHORITY SALARY STRUCTURES, 30 JUNE 2018

CLASSIFICATION	SALARY RANGE
Executive Level 2	\$113,950–150,343
Executive Level 1	\$95,456–121,611
APS 6	\$77,558–91,877
APS 5	\$70,995–76,067
APS 4	\$65,029–69,802
APS 3	\$57,870–63,836
APS 2	\$51,997–56,677
APS 1	\$43,658–50,757

Source: DCCEE Enterprise Agreement 2011–2014

5.3.2 REMUNERATION FOR CEO AND SENIOR EXECUTIVE SERVICE

The CEO is a principal executive office-holder, as defined in the *Remuneration Tribunal Act 1973*. The position's remuneration is set by the Remuneration Tribunal.

No Senior Executive Service officers are currently employed under the *Public Service Act 1999*. There is one acting Senior Executive Officer whose conditions are determined in accordance with the former Department of Climate Change and Energy Efficiency SES Employment Conditions handbook.

Details of CEO remuneration is at **Note 9, Appendix A**.

The Authority does not offer performance pay to its employees or CEO.

5.3.3 REMUNERATION FOR AUTHORITY CHAIR AND MEMBERS

The remuneration of the Authority Chair and members is governed by section 25 of the *Climate Change Authority Act 2011* and the Remuneration Tribunal. Authority members receive an annual base fee plus meeting fees for attendance at official Authority meetings. Dr Alan Finkel is an ex officio member of the Authority and is not remunerated for his role. Ms Kate Carnell is also a statutory office-holder in the Commonwealth during the reporting period and does not receive remuneration from the Authority. Table 5.5 illustrates remuneration of the Authority Chair and members as at 30 June 2018.

TABLE 5.5: REMUNERATION OF CLIMATE CHANGE AUTHORITY MEMBERS, 30 JUNE 2018

MEMBER STATUS	BASE SALARY—ANNUAL	MEETING FEES
Chair	\$58,600	\$1,120
Members	\$29,300	\$896

5.3.4 EMPLOYMENT ARRANGEMENTS

Upon establishment, the then CEO of the Authority made a determination under subsection 24(1) of the *Public Service Act 1999* stating that all non-SES Authority staff were to be employed under the conditions of the Department of Climate Change and Energy Efficiency Enterprise Agreement 2011–2014. This arrangement continued throughout 2017–18.

In 2017–18, no non-SES staff members were employed on individual flexibility arrangements.

No employee of the Authority was employed under performance-based remuneration conditions in 2017–18.

5.3.5 CONSULTATIVE ARRANGEMENTS

An advantage of a small agency is that frequent, direct consultation between management and employees is possible. This occurred on a regular basis in 2017–18, including through the CEO’s all staff meetings, weekly executive team management meetings and regular team meetings.

5.3.6 PERFORMANCE MANAGEMENT

All employees participate in the Authority’s performance development framework. The framework seeks to:

- clarify individual employees’ understanding of their work tasks, their responsibilities and the performance standards expected (through individual performance agreements)
- provide feedback on performance and improve communication between supervisors and their staff (through individual performance appraisals)
- provide a basis for determining salary advancement
- identify learning and development needs
- identify and manage instances of underperformance.

5.3.7 LEARNING AND DEVELOPMENT

The Authority encourages employees to undertake learning and development to build up competencies relevant to their roles.

The Authority's study assistance policy provides financial and leave assistance to its staff enrolled in study or training that is relevant to the operational needs of the agency. Each staff member has the opportunity to identify and access appropriate training through the organisation's Performance Development Programme.

The Authority also provides one-on-one coaching to address particular development needs and extensive on-the-job training within the Authority. Staff are able to access training through the Department of the Environment and Energy's Learning and Development program.

In 2017–18, four employees received study assistance in the form of paid leave and assistance with fees.

5.3.8 WORK HEALTH AND SAFETY

No formal work health and safety investigations were conducted during the year and there were no notifiable incidents. No notices under Part 10 of the *Work Health Safety Act 2011* were given to the Authority during 2017–18.

During 2017–18, work health and safety initiatives included:

- Authority-funded flu vaccinations
- a flexible work policy to manage and avoid staff working excessive hours
- provision of ergonomic equipment as required.

There were no claims for injury in 2017–18 and no return-to-work programmes conducted.

5.3.9 EMPLOYEE ASSISTANCE PROGRAMME

The Authority engaged Optum to provide its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues.

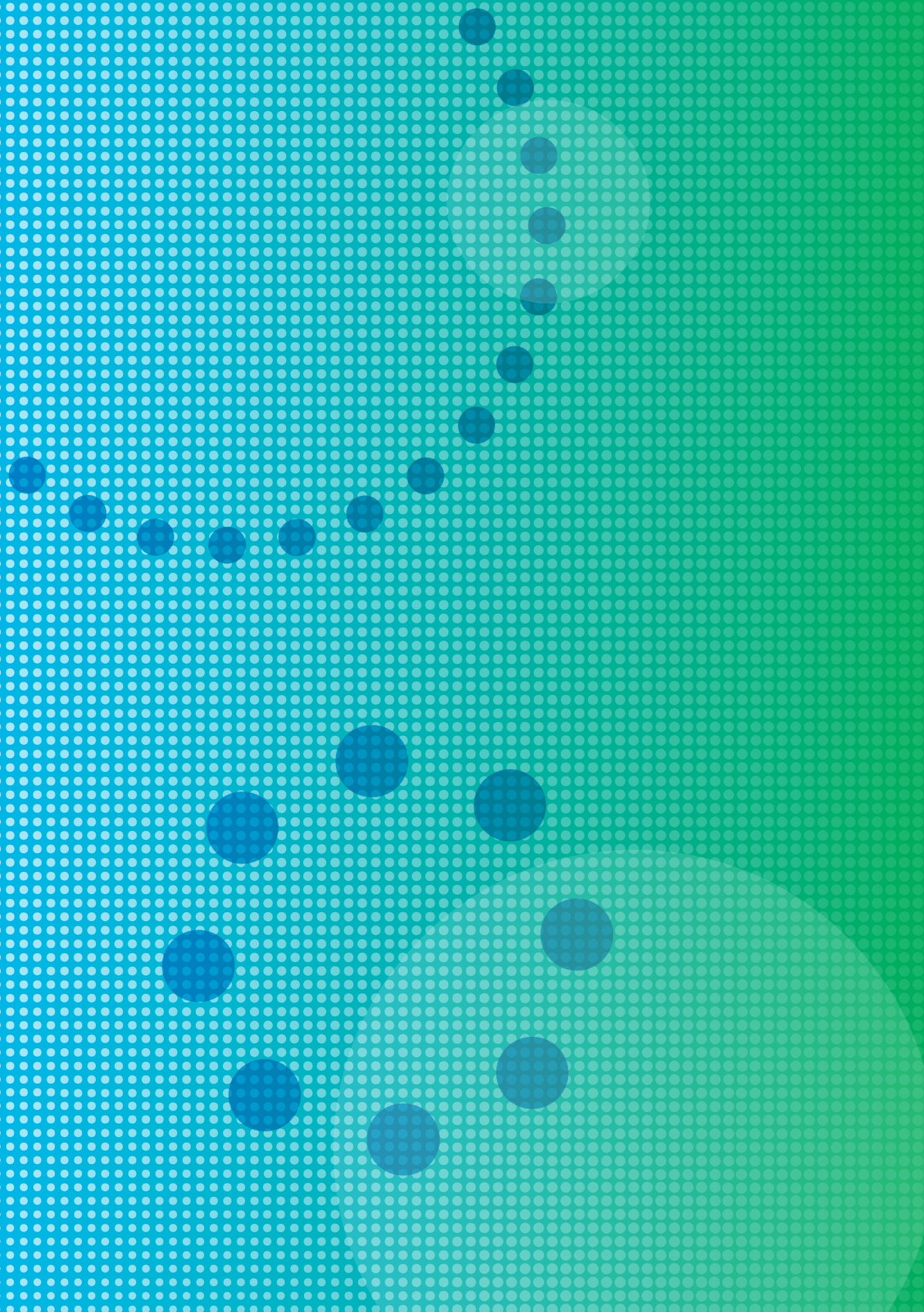
5.3.10 WORKPLACE DIVERSITY

The Authority continues to foster a culture that supports employees achieving their potential and values employee diversity. This was facilitated through the Authority's enterprise agreement and related policies.

5.3.11 DISABILITY REPORTING

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. Entities are no longer required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.



APPENDIX A AUDITED FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment

Opinion

In my opinion, the financial statements of the Climate Change Authority for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Climate Change Authority as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Climate Change Authority, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and the Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes to the financial statements, comprising an Overview and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Climate Change Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Climate Change Authority, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Climate Change Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
12 September 2018



Australian Government
Climate Change Authority

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Climate Change Authority will be able to pay its debts as and when they fall due.

Handwritten signature of Gayle Milnes in black ink.

Gayle Milnes
A/g Chief Executive Officer

12 September 2018

Handwritten signature of Tracey Vassallo in black ink.

Tracey Vassallo
Chief Finance Officer

12 September 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2018

			ORIGINAL BUDGET	
		2018	2017	2018
	NOTES	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	3A	1,517	2,339	977
Depreciation and amortisation		-	78	9
Suppliers	3B	456	841	479
Loss on disposal of assets		-	11	-
Total Expenses		1,973	3,269	1,465
Own-source revenue				
Other revenue	4	1,569	661	1,456
Other resources received free of charge (Audit services)		60	62	-
Total own-source revenue		1,629	723	1,456
Net cost of services		(344)	(2,546)	(9)
Revenue from Government (Departmental Appropriation)(Note 1.5)		-	2,563	-
Surplus/(Deficit) attributable to the Australian Government		(344)	17	(9)
Total comprehensive income/(loss) attributable to the Australian Government		(344)	17	(9)

Budget Variances Commentary

This commentary is based on the original 2017–2018 budget in the PBS.

Total expenses are higher than the budgeted amounts as the original budget figures do not include the requested operating loss amounts. Refer to Note 1.1 for further details.

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

			ORIGINAL BUDGET	
		2018	2017	2018
	NOTES	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		801	1,131	-
Trade and other receivables	5	68	13	-
Total financial assets		869	1,144	-
Total Assets		869	1,144	-
LIABILITIES				
Payables				
Suppliers		59	82	-
Other payables	6	11	11	-
Total payables		70	93	-
Provisions				
Employee provisions	7	508	416	-
Total provisions		508	416	-
Total liabilities		578	509	-
Net Assets		291	635	-
EQUITY				
Contributed equity		1,087	1,087	-
Retained deficit		(796)	(452)	-
Total Equity		291	635	-

Budget Variances Commentary

This commentary is based on the original 2017–2018 budget in the PBS.

The Authority continues to maintain a positive net asset position while the entity remains in its current form.

The budget had been prepared on the basis that the Authority would be wound up after the life of the current Parliament.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

	RETAINED EARNINGS		BUDGET		CONTRIBUTED EQUITY		TOTAL EQUITY	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(452)	(469)	536		1,087	1,310	635	841
Adjusted opening balance	(452)	(469)	536		1,087	1,310	635	841
Comprehensive Income/(Deficit)								
Surplus/(Deficit) for the period	(344)	17	(9)		-	-	(344)	17
Total comprehensive income/(deficit)	(344)	17	(9)		-	-	(344)	17
Transactions with owners								
Distribution to Owners								
Distribution of equity	-	-	-		-	-	-	(527)
Restructure adjustment	-	-	-		-	(223)	-	(223)
Total transactions with owners	-	-	-		-	(223)	-	(223)
Closing balance as at 30 June	(796)	(452)	527		1,087	1,087	291	635
Closing balance attributable to the Australian Government	(796)	(452)	527		1,087	1,087	291	635

Accounting Policy

Equity Injections — Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Budget Variances Commentary

This commentary is based on the original 2017–2018 budget in the PBS.

The Authority continues to maintain a positive balance attributable to the Australian Government position while the entity remains in its current form. The budget had been prepared on the basis that the Authority would be wound up after the life of the current Parliament

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

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2018

	ORIGINAL BUDGET		
	2018	2017	2018
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	-	3,563	1,000
Sales of goods and rendering of services	1,462	673	1,456
Net GST received	17	52	22
Total cash received	1,479	4,288	2,478
Cash used			
Employees	1,491	2,319	1,498
Suppliers	318	1,109	604
Cash transferred to OPA	-	-	647
Total cash used	1,809	3,428	2,749
Net cash from (used by) operating activities	(330)	860	(271)
Net increase (decrease) in cash held	(330)	860	(271)
Cash and cash equivalents at the beginning of the reporting period	1,131	271	271
Cash and cash equivalents at the end of the reporting period	801	1,131	-

Budget Variances Commentary

This commentary is based on the original 2017–2018 budget in the PBS.

The budget had been prepared on the basis that the Authority would be wound up after the life of the current Parliament.

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

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NOTE 1: OVERVIEW

1.1 OBJECTIVES OF THE CLIMATE CHANGE AUTHORITY

The Climate Change Authority (the Authority) was established under the *Climate Change Authority Act 2011* and commenced operation on 1 July 2012.

The Authority is an Australian Government controlled entity and a not-for-profit entity. It is a non-corporate Commonwealth entity. The Authority's objective is to provide rigorous, independent and balanced advice to the Minister for the Environment and Energy and the Australian Parliament on climate change policy, in order to improve the quality of life for all Australians.

The Authority is structured to meet a single outcome:

Provide expert advice to the Australian Government on climate change mitigation initiatives, including through conducting regular and specifically commissioned reviews and through undertaking climate change research.

Activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Authority in its own right.

The Authority understands that it is Government policy to wind up the entity during the life of the current Parliament. Consequently all liabilities in the financial statements are considered to be current. However the Authority's financial statements have been prepared on a going concern basis as enabling legislation is required to wind up the entity and this legislation was not passed by the previous Parliament and has lapsed. In addition, the Department of the Environment and Energy has provided written assurance that it will provide assistance to ensure the Authority is able to pay its debts as and when they fall due until September 2019.

The Portfolio Budget Statements for the Authority are prepared in line with Government policy to wind up the Authority. This basis of preparation explains a number of variances to the original budget, specifically in relation to the Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement. The original budget also does not contain the operating loss anticipated by the Authority and requested through formal Government processes due to timing differences between the production of the Portfolio Budget Statements and the approval of the operating loss request. Therefore the original budget is lower than reported actuals.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) made under the PGPA Act; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the accounting policies outlined in these financial statements, management has made a number of judgements and applied estimates and assumptions to future events.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 NEW AUSTRALIAN ACCOUNTING STANDARDS

NEW AND MODIFIED AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

All new and modified standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Authority's financial statements.

All new and modified standards and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the Authority's financial statements.

1.5 REVENUE

REVENUE FROM GOVERNMENT

Amounts appropriated (departmental appropriations) for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Authority gains control of the appropriation. There was no direct appropriation received during the financial year, as the Authority's revenue is now received through the Department of the Environment and Energy and is recorded as other revenue.

Appropriations receivable are recognised at their nominal amounts.

OTHER REVENUE

Revenue from other sources is recognised when:

- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Authority.

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

OTHER RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge are recognised as other revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.6 EMPLOYEE BENEFITS

Liabilities for 'short-term employee benefits' and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

LEAVE

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non vesting and the average sick leave taken in future years by employees of the Authority is estimated to be less than the annual entitlement for sick leave.

Leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Authority's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile.

SEPARATION AND REDUNDANCY

The Authority recognises a provision for separation and redundancy when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

SUPERANNUATION

The majority of staff at the Authority are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Authority makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Authority accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

1.7 LEASES

The Authority only had operating leases where the lessor effectively retained substantially all risks and benefits.

Operating lease payments were expensed on a straight line basis, which is representative of the pattern of benefits derived from the leased assets. Following the move from Melbourne to Canberra in September 2016, the Authority no longer holds any leases.

1.8 FINANCIAL ASSETS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and demand deposits in bank accounts. These are recognised at their nominal amounts.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for impairment at the end of each reporting period. No material indicators of impairment were found for financial assets.

1.9 FINANCIAL LIABILITIES

Financial liabilities are classified as "Other financial liabilities" (refer to Note 10) Financial liabilities are recognised and derecognised upon 'trade date'. Trade creditors and accruals are expected to be settled within 12 months.

Other financial liabilities, including supplier and other payables, are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All other financial liabilities for 2018 and 2017 are payable within one year.

1.10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but when they exist are reported at Note 8. They may arise from uncertainty as to the existence of a liability or an 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.

1.11 TAXATION

The Authority is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Authority.

NOTE 3: EXPENSES

NOTE 3A: EMPLOYEE BENEFITS

	2018	2017
	\$'000	\$'000
Wages and salaries	1,168	1,233
Superannuation:		
Defined contribution plans	93	116
Defined benefits plans	106	97
Leave and other entitlements	136	301
Voluntary redundancy	-	566
Other expenses	14	26
Total employee benefits	1,517	2,339

NOTE 3B: SUPPLIERS

	2018	2017
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	50	212
Contractors	-	3
Audit services (received free of charge)	60	62
Travel	37	62
Administrative services under MoU	103	197
Staffing & recruitment expenses	16	20
Property and related expenses	115	13
Sitting fees	16	52
Subscriptions	1	23
Other	47	24
Total goods and services supplied or rendered	445	668
Goods supplied	14	31
Services rendered	431	637
Total goods and services supplied or rendered	445	668
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	-	159
Workers compensation premiums	11	14
Total other suppliers expenses	11	173
Total suppliers	456	841

NOTE 4: OTHER REVENUE

	2018	2017
	\$'000	\$'000
Payments from Portfolio Department	1,566	661
Fringe Benefits Tax Refund	3	-
Total other revenue	1,569	661

NOTE 5: TRADE AND OTHER RECEIVABLES

	2018	2017
	\$'000	\$'000
Other receivables	66	-
GST receivable from the Australian Taxation Office	2	13
Total receivables	68	13
The Authority's credit terms	30 days	30 days

NOTE 6: OTHER PAYABLES

	2018	2017
	\$'000	\$'000
Salaries and wages	11	11
Total other payables	11	11

Other payables are expected to be settled in no more than 12 months

NOTE 7: EMPLOYEE PROVISIONS

	2018	2017
	\$'000	\$'000
Leave	508	416
Total employee provisions	508	416

NOTE 8: MANAGING UNCERTAINTIES

The Authority had no quantifiable contingencies at either 30 June 2018 or 2017.
The Authority had no unquantifiable contingencies at either 30 June 2018 or 2017.

NOTE 9: KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Authority has determined the KMP to be the CEO of the Authority.

	2018	2017
	\$'000	\$'000
Short-term employee benefits:		
Salary	289	308
Allowances	-	6
Total short-term employee benefits	289	314
Post-employment benefits		
Superannuation	52	51
Total post-employment benefits	52	51
Other long-term employee benefits:		
Annual leave accrued	25	25
Long service leave accrued	8	8
Total other long-term employee benefits	33	33
Termination benefits	-	-
Total termination benefits	-	-
Total senior executive remuneration expenses	374	398

The total number of KMP that are included in the above table are 1. (2017:1)

The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Authority.

RELATED PARTY DISCLOSURES

Related party relationships:

The Authority is an Australian Government controlled entity. Related parties to the Authority are Key Management Personnel including the Portfolio Minister and Executive.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the Authority in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note. There were no significant transactions with related parties during the year. All related party transactions were in the ordinary course of business and do not require separate disclosure.

NOTE 10: CATEGORIES OF FINANCIAL INSTRUMENTS

	2018	2017
	\$'000	\$'000
Financial Assets		
Loans and receivables:		
Cash	801	1,131
Total loans and receivables	801	1,131
Financial liabilities (at amortised cost)		
Payables – suppliers	59	82
Total financial liabilities measured at amortised cost	59	82

NOTE 11: APPROPRIATIONS

NOTE 11A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE) FOR 2018

	2018 APPROPRIATIONS					APPROPRIATION APPLIED IN 2016 (CURRENT AND PRIOR YEARS)	VARIANCE	SECTION 51 DETERMINATIONS
	APPROPRIATION ACT		PGPA ACT		TOTAL APPROPRIATION			
	ANNUAL APPROPRIATION	APPROPRIATION REDUCED	SECTION 74	SECTION 75				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental								
Ordinary annual services	-	-	-	-	-	330	(330)	-
Total departmental	-	-	-	-	-	330	(330)	-

Prior year appropriations are represented in Table 11A. There are no current year appropriations received or applied. There were no amounts quarantined or Section 51 adjustments in the current financial year. There were no departmental capital budget amounts in current financial year.

There were no amounts quarantined or Section 51 adjustments in the prior financial year. There were no departmental capital budget amounts in prior financial year. The variance represents the drawdown of prior year unspent appropriation.

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NOTE 11B: UNSPENT DEPARTMENTAL ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

Cash held by the Authority is represented by cash at bank.

APPENDIX B

LIST OF REQUIREMENTS

B

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(g)	Letter of transmittal		
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)		Table of contents.	Mandatory
17AJ(b)		Alphabetical index.	Mandatory
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)		List of requirements.	Mandatory
17AJ(e)		Details of contact officer.	Mandatory
17AJ(f)		Entity's website address.	Mandatory
17AJ(g)		Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)		A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory
17AE(2)		Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory

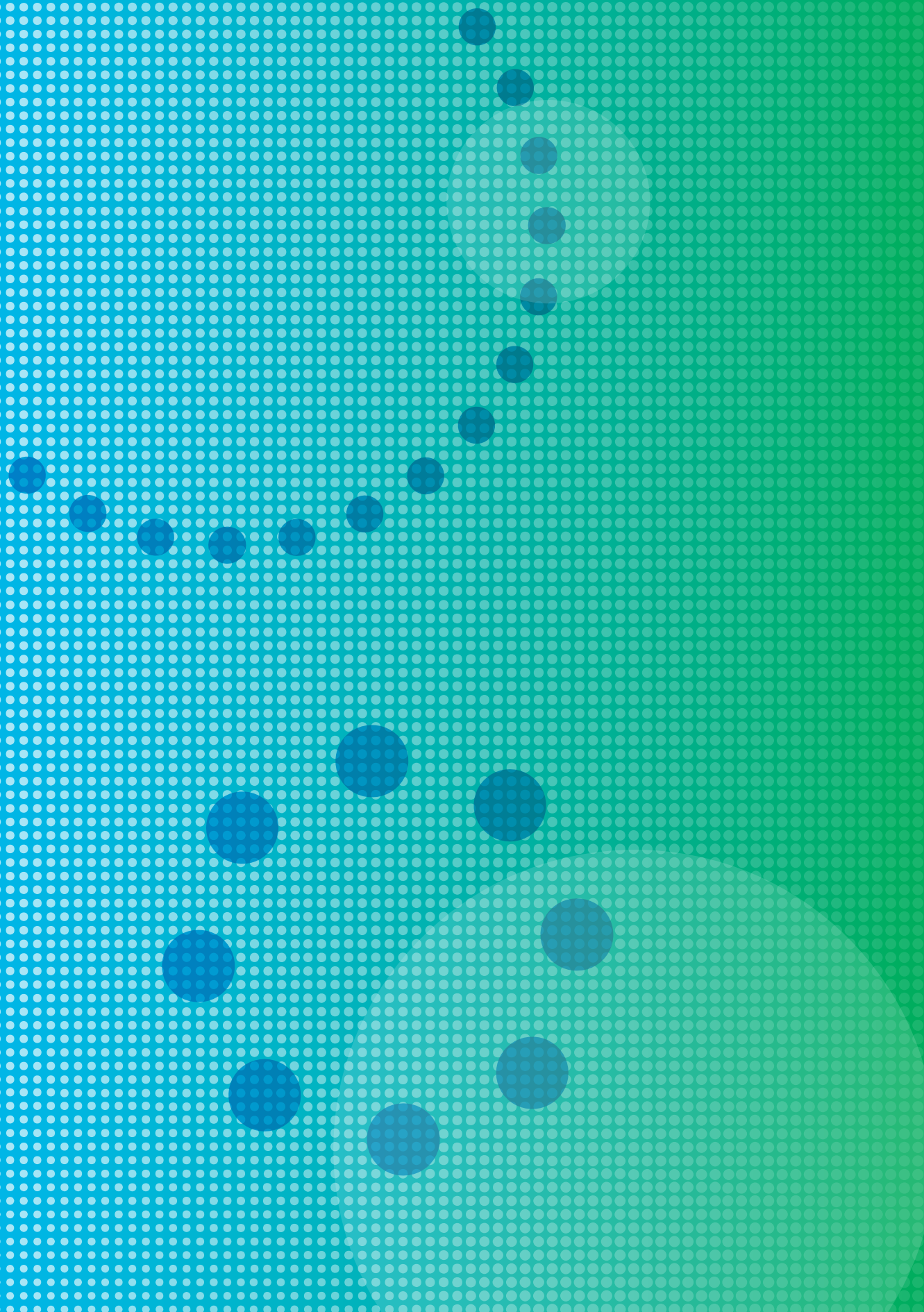
PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<i>External Scrutiny</i>			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
Purchasing			
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
Consultants			
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)		A statement that <i>“During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”</i> .	Mandatory
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)		A statement that <i>“Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”</i>	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)		If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
Exempt contracts			
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)		A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
Financial Statements			
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that <i>“During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i>	If applicable, Mandatory
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)		A statement that <i>“Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)		Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)		Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)		Information required by other legislation	Mandatory



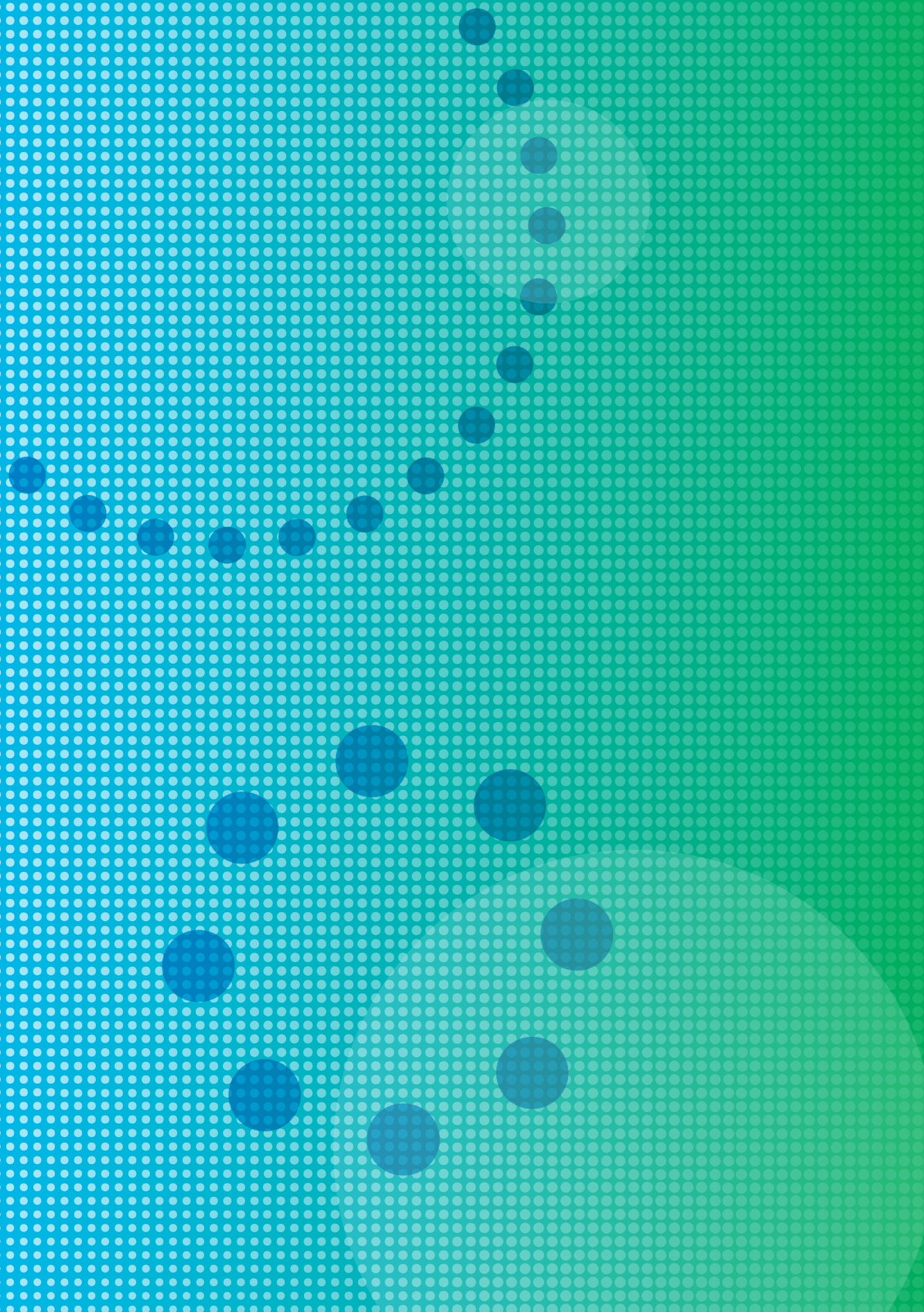
GLOSSARY

TERM	MEANING
AusTender	Provides centralised publication of Commonwealth Government business opportunities, annual procurement plans, multi-use lists and contracts awarded by government agencies.
Authority members	The Authority comprises eight part-time members (including the Chair) and the Chief Scientist (ex officio). Members are appointed by the Minister responsible for climate change under s. 18 of the <i>Climate Change Authority Act 2011</i> .
caps	The year-by-year limit on emissions from sources covered by the carbon price mechanism ('covered emissions').
Carbon Farming Initiative	An Australian carbon offset scheme that credits emissions reductions from certain sources.
Climate Change Authority	Established on 1 July 2012 to provide independent advice to the Minister responsible for climate change and the parliament on climate change policies.
Clean Energy Regulator	An independent statutory authority that administers regulatory schemes relating to clean energy, including the Renewable Energy Target, the Carbon Pricing Mechanism (now repealed), the National Greenhouse and Energy Reporting scheme, the Carbon Farming Initiative and the Emissions Reduction Fund.
Department of the Environment and Energy	Designs and implements the Commonwealth Government's policies and programmes to protect and conserve the environment, water and heritage, and promote climate action.
Department of Climate Change and Energy Efficiency Enterprise Agreement 2011–2014	The collective agreement of the former Department of Climate Change and Energy Efficiency; sets the terms and conditions of employment for all non-SES Authority staff.
Department of Industry and Science	Helps to drive economic growth, productivity and competitiveness by bringing together industry, energy, resources, science, skills and business.

TERM	MEANING
Emissions Reduction Fund	A scheme resulting from the expansion of, streamlining and other changes to the CFI in December 2014. The ERF involves purchases of ACCUs by the Government.
Emissions Reduction Target	Australia's goal for national emissions in a specific year.
Emissions Trading Scheme	A market-based approach to reducing emissions that places a limit on emissions allowed from all sectors covered by the scheme. Emissions trading allows entities to trade emissions units with other entities. In general, trading can occur at the domestic, international and intra-company levels.
mitigation	A reduction in the source of greenhouse gases or enhancement of the sequestration (removals) for greenhouse gases.
national carbon budget	Australia's cumulative emissions allowance over a period of time.
National Greenhouse and Energy Reporting Scheme	Introduced in 2007, the scheme provides a single national framework for corporations to report on greenhouse gas emissions, energy use and energy production. Corporations that meet a National Greenhouse and Energy Reporting threshold must register and then report each year.
Remuneration Tribunal	An independent statutory authority established under the <i>Remuneration Tribunal Act 1973</i> that sets the remuneration for key Commonwealth offices.
Renewable Energy Target	Operates in two parts—the Small-scale Renewable Energy Scheme and the Large-scale Renewable Energy Target.
Renewable Energy Target review	The Climate Change Authority's review of the Renewable Energy Target. The review was defined in s. 162 of the <i>Renewable Energy (Electricity) Act 2000</i> . The requirement for the Authority to review the Renewable Energy Target has been repealed.
Targets and Progress Review	Recommended emissions reduction targets for Australia and reported on progress towards these targets. The Authority presented the final report to the government on 27 February 2014. The Authority's role in advising the minister on emissions reduction targets has been repealed.

ABBREVIATIONS

AUTHORITY	CLIMATE CHANGE AUTHORITY
ACCUs	Australian Carbon Credit Units
ANU	Australian National University
APS	Australian Public Service
CEO	Chief Executive Officer of the Climate Change Authority
CER	Clean Energy Regulator
CFI	Carbon Farming Initiative
CTH	Commonwealth
DoEE	Department of the Environment and Energy
EEGO	Commonwealth's Energy Efficiency in Government Operations
ERF	Emissions Reduction Fund
FOI Act	<i>Freedom of Information Act 1982</i>
GST	Goods and Services Tax
IPS	Information Publication Scheme
LRET	Large-scale Renewable Energy Act
NGER	National Greenhouse and Energy Reporting system
RBA	Reserve Bank of Australia
REE Act	<i>Renewable Energy (Electricity) Act 2000</i>
REE Regulations	Renewable Energy (Electricity) Regulations 2000
RET	Renewable Energy Target
SES	Senior Executive Service
SRES	Small-scale Renewable Energy Scheme
WHS	Work Health Safety



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