



Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY CORPORATE PLAN 2015-16

AUGUST
2015



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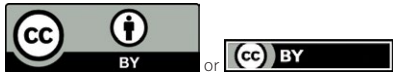
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CHIEF EXECUTIVE OFFICER'S MESSAGE

I am pleased to present the second corporate plan of the Climate Change Authority.

The Authority's role is to provide independent, relevant, insightful and practical advice to the Minister for the Environment and the Australian Parliament on climate change policy by undertaking reviews based on research and analysis.

This is the Authority's third year of operation and it has achieved a significant amount in that time, including:

- the first report of the special review on climate action, recommending future emissions reduction targets for Australia (July 2015)
- recommendations about Australia's greenhouse gas emissions reduction targets and progress towards achieving them (Targets and Progress Report, February 2014)
- two reviews of the Renewable Energy Target (December 2012 and December 2014)
- a review of the Carbon Farming Initiative (December 2014).

In addition, the Authority has undertaken independent research into vehicle emissions standards, international climate action, international carbon markets and a guide to comparing countries' emissions reduction efforts.

In all of its work, the Authority seeks to embody its core principles and values of independence, broad stakeholder engagement, excellence in research and analysis, transparency, good governance and accountability, and high-quality staff development. These core principles and values are set out in more detail on page 8 of this plan.

Over the next 18 months, the Authority will focus its efforts on delivering the special review on Australia's climate action requested by the Minister for the Environment. This includes reports on Australia's future emissions targets, whether Australia should have an emissions trading scheme and what action Australia should take to implement the outcomes from the United Nations climate change conference in Paris in December 2015.

The Authority is supported by a small but expert secretariat. The calibre of our staff is particularly impressive given the challenges of the past two years. I thank the team for its hard work and continued commitment to excellence.

Shayleen Thompson

Acting Chief Executive Officer

PURPOSE

OBJECTIVE AND ROLE

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

The Authority will do this by conducting regular and specifically commissioned reviews, and by undertaking climate change research.

FUNCTIONS

The Authority's functions are set out in its enabling legislation, the *Climate Change Authority Act 2011*. These include conducting:

- reviews and making recommendations on the Carbon Farming Initiative and National Greenhouse and Energy Report system, which are established in legislation
- reviews and making recommendations on other matters as requested by the Minister for the Environment or the Australian Parliament
- its own independent research and analysis into climate change and other matters relevant to its functions.

In undertaking its reviews, the Authority must take the following principles into account:

- economic efficiency
- environmental effectiveness
- equity
- the public interest
- the impact on households, business, workers and communities
- support for the development of an effective global response to climate change
- Australian foreign policy and trade objectives.

The Authority must also undertake public consultation when conducting its reviews and publish its reports on its website.

The Authority's purpose will be pursued through:

- policy, research and analysis that is high-quality and fit-for-purpose
- effective secretariat support to the Authority's Chair and members
- sound corporate governance and financial management.

In December 2014, the Minister for the Environment requested that the Authority undertake a special review into Australia's policies and future targets for reducing greenhouse gas emissions in the context of its international commitments and the action of other countries (see the appendix for the terms of reference). The Authority has already published the first report of the special review and is required to publish two more in the next 12 months. These reports will be the Authority's focus for 2015-16. Further information on the special review can be found under 'Performance' (page 10).

The Authority's second review of the Carbon Farming Initiative is due to be completed by 31 December 2017 and its first review of the National Greenhouse and Energy Reporting system is due by 31 December 2018.

AUTHORITY MEMBERS

The Climate Change Authority is an independent statutory authority comprising a Chair, the Chief Scientist and up to seven other members appointed by the Minister for the Environment.

Current members of the Authority are:

- Chair: Mr Bernie Fraser
- Chief Scientist: Professor Ian Chubb (ex-officio)
- Professor Clive Hamilton
- Professor David Karoly
- Professor John Quiggin.

Details of Authority members' qualifications and expertise can be found on the Authority's website at www.climatechangeauthority.gov.au.

The Authority is supported by the Acting Chief Executive Officer, Ms Shayleen Thompson, and a secretariat of approximately 25 staff.

THE AUTHORITY'S CORE PRINCIPLES AND VALUES

The Authority has identified the following organisational principles and values, which guide how it conducts its business.

INDEPENDENCE

The Authority is an independent statutory authority. To build and maintain credibility as the provider of rigorous climate policy analysis and recommendations on future directions, it demonstrates independence and balance in thinking and action.

BROAD AND POSITIVE STAKEHOLDER ENGAGEMENT

New and divergent ideas contribute to healthy debate. The Authority will take account of all available inputs by engaging with a wide range of stakeholders and other contributors with an interest in climate change policy and related matters.

The Authority will consult the public on every review, consistent with the requirements of its legislation.

EXCELLENCE IN RESEARCH AND ANALYSIS

The credibility of the Authority relies on the quality of its research, analysis and reporting. The Authority will undertake thorough research and analysis through detailed planning and applying highly skilled resources to the task.

The Authority has a skilled workforce with a broad range of experience, and established links to relevant expert local and international organisations.

TRANSPARENCY

The Authority will share its knowledge and operate in an open and transparent way.

The Authority has an obligation to publish reports under the Climate Change Authority Act. Those reports are a result of reviewing and synthesising existing materials, engaging stakeholders, and undertaking research to generate original reporting, analysis and advice.

GOOD GOVERNANCE AND ACCOUNTABILITY

Good governance is an essential element of all successful organisations. The Authority is subject to the *Public Governance, Performance and Reporting Act 2013* and the *Public Service Act 1999* and has specific additional governance requirements under the Climate Change Authority Act.

The Authority maintains the highest standards of accountability and governance.

BUILD STAFF CAPACITY AND DEVELOPMENT

Staff is the Authority's most valuable resource. For the Authority to succeed, the staff must also develop.

The Authority will provide all staff with the opportunity to develop skills and knowledge through formal training and other development opportunities.

ENVIRONMENT

The environment in which the Authority is operating has shifted significantly since its establishment in 2012 and it continues to change.

The Authority is funded until the end of the 2016 calendar year. While this plan covers the period from 2015-16 to 2018-19, the focus of the plan is on the current financial year and the first half of 2016-17.

Government policy is to wind up the Authority at the end of the current parliament. This would require changes to the Authority's enabling legislation. It is unclear when this could occur.

The Authority is therefore operating in an environment of uncertainty. Some of the implications of this uncertainty are outlined in the 'Capability' and 'Risk' sections below (pages 12 and 14 respectively).



PERFORMANCE

SPECIAL REVIEW OF AUSTRALIA'S CLIMATE ACTION

The Minister for the Environment has requested the Authority undertake a special review into Australia's future targets and policies for reducing greenhouse gas emissions, which is due to be completed by 30 June 2016.

Under the terms of reference (see appendix), the Authority must assess whether Australia should have an emissions trading scheme and any conditions for introducing such a scheme. The Authority must consider whether the USA, China, Japan, the Republic of Korea and the European Union have emissions trading schemes or equivalent schemes in place. It must also consider whether Australia should introduce an emissions trading scheme that does not harm its international competitiveness. The Authority must consider what Australia's emissions reduction targets should be to achieve an effective and equitable global response to climate change.

The Authority must publish three reports as part of the special review:

- a draft report recommending emissions reduction targets for Australia (a draft report was released in April 2015, followed by a final statement in July 2015—both are available on the Authority's website)
- a draft report on emissions trading schemes by 30 November 2015
- a final report, by 30 June 2016, recommending the action Australia should take to implement the outcomes of the United Nations climate change conference in Paris in December 2015.

DELIVERY STRATEGY

The Authority will deliver on the terms of reference for the special review by preparing high-quality reports on time by:

- undertaking thorough policy development and analysis, including
 - desktop research and analysis into the advantages and disadvantages of emissions trading schemes, the emissions reductions targets and policies of other countries, and other emission reduction policies
 - in-depth analysis into emissions reductions opportunities into the electricity sector—this research will include modelling a range of policies for reducing electricity sector emissions
- commissioning other analytical work (for example, economic modelling) to assess emissions reduction potential, costs and opportunities
- conducting meaningful and transparent consultation with experts and stakeholders, including business, industry, environment and other community groups
- monitoring developments in climate change policy by reviewing publicly available resources and building networks with expert, local and international organisations.

The secretariat will facilitate the Authority's decision-making by:

- arranging regular (monthly) meetings of the Authority
- providing briefing and other supporting documentation that are fit-for-purpose and high-quality.

PERFORMANCE MEASUREMENT AND ASSESSMENT

The Authority will measure its performance against the following key performance indicators:

- High-quality reports are delivered on time, including:
 - a draft report on emissions trading scheme for public consultation by 30 November 2015
 - a final report by 30 June 2016.
- The Authority's reports are of high quality, well-received by stakeholders and used to inform public forums and discussions.
- Stakeholders hold the Authority's review processes in high regard and consider them to be transparent and understandable.
- The Authority's decision-making for reviews is both independent and perceived to be independent by stakeholders and the community.
- Authority members are satisfied with the level of secretariat support.



CAPABILITY

The Authority's talented and capable staff are its core asset. There is a risk that uncertainty will affect the Authority's ability to retain staff, deliver the special review and meet its legislative obligations.

As a small agency, the Authority partners with other Commonwealth agencies to deliver its payroll, ICT, finance payable and receivable, security and legal services needs in a cost-effective manner.

The Authority undertakes its work within a strong governance framework, including meeting all the governance requirements under the Public Governance, Performance and Accountability Act.

STAFFING

The Authority relies on its staff to undertake the research and analysis that supports its reviews and reports. Their expertise and professionalism is critical to both the production of high-quality reports, and building and maintaining good stakeholder relationships.

The Authority currently consists of an acting CEO leading 24 staff. There are a further four unattached staff members on parental leave or leave without pay.

The Authority encourages employees to undertake learning and development to build up competencies relevant to their roles. The Authority has a study assistance policy that sets out the assistance provided to staff to undertake learning and development opportunities. The 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 Authority's Performance and Development Program.

The Authority also provides one-on-one coaching to address particular development needs and extensive on-the-job training within the Authority.

A plan to transition staff to other positions, both within and outside the Australian Government, will be developed on a contingency basis, given the uncertainty as to how long the Authority will continue to operate.

SHARED SERVICE ARRANGEMENTS

The Authority currently has shared services arrangements in the form of memoranda of understanding in place to meet payroll, ICT, accounts payable and receivable, legal and security needs.

The Authority will review these in 2015-16 in light of the broader public service review into the provision of shared services and on a value-for-money basis.

GOOD GOVERNANCE

The Authority has a strong governance framework. To ensure it complies with all the governance requirements under the Public Governance, Performance and Accountability Act, the Authority will continue to:

- ensure that delegations for human resources and finances are delegated appropriately
- ensure there is appropriate control and oversight to deal with fraud and risk
- maintain an effective Audit Committee
- educate its staff to apply APS Code of Conduct and Values on a day-to-day basis
- educate new staff on the Authority's governance practices and maintain governance issues as standing agenda items on regular senior executive meetings.

In all of its work, the Authority seeks to embody its core principles and values of independence, broad stakeholder engagement, excellence in research and analysis, transparency, good governance and accountability, and high-quality staff development.



RISK OVERSIGHT AND MANAGEMENT

The Authority recognises that effective risk management is a key element of effective governance.

The Authority has a Risk Management Framework to drive positive internal risk management. The framework complies with the requirements of the *Commonwealth Risk Management Policy 1 July 2014* and the Public Governance, Performance and Accountability Act.

RISKS

Table 1 sets out the Authority’s high-level strategic risks for the reporting period, along with risk ratings and mitigation strategies. Risk treatments and treatment owners are outlined in the Authority’s risk register, which is updated regularly.

TABLE 1: CCA STRATEGIC RISKS

RISK TYPE	RISK DESCRIPTION	LIKELIHOOD, CONSEQUENCE AND RATING	MITIGATION STRATEGIES
MANAGING FINANCIAL RESOURCES	<ul style="list-style-type: none"> Ineffective management of financial resources in an increasingly tight fiscal environment, including due to the inability to retain necessary staff skills and expertise The Authority fails to comply with its Public Governance, Performance and Accountability Act requirements 	Possible; major; medium	<ul style="list-style-type: none"> The Authority will carefully plan its work over the next 18 months to deliver the special review on climate action within the funding allocated to it until the end of 2016 The CEO and CFO will actively monitor monthly expenditure and variance reporting The Authority will review its shared services arrangements and the need for in-house financial management expertise with a view to securing the necessary staff and services to deliver sound financial management over the medium term
MANAGING PEOPLE RESOURCES	<ul style="list-style-type: none"> Inability to retain or recruit staff in circumstances of operational uncertainty Failure to support the health and wellbeing of staff during a period of significant change 	Possible; major; medium	<ul style="list-style-type: none"> Keep staff informed about developments in the operational environment and support staff with effective change management and resilience strategies—including through the Employee Assistance Program Continue to recruit staff that are appropriately qualified and an asset to the APS Develop processes that capture staff knowledge in the event of staff departure
CAPABILITY	<ul style="list-style-type: none"> Shared services arrangements for payroll, ICT, accounts payable and receivable, legal and security needs are inadequate or financially unsustainable 	Unlikely; major; medium	<ul style="list-style-type: none"> The CFO to lead a review of shared service arrangements with the aim of securing new efficient and effective delivery of corporate services for approval by the CEO
PERFORMANCE	<ul style="list-style-type: none"> The special review report contains significant factual errors or fails to meet its delivery deadlines Vacant positions among Authority members leads to perceptions that the Authority does not have the expertise to advise the government effectively or that it lacks balance 	Possible; major; medium	<ul style="list-style-type: none"> The Authority has in place quality assurance processes to minimise the chance of factual error The Authority scopes its work carefully and monitors review time frames The Authority consults with a wide range of stakeholders to be informed by a broad spectrum of views and evidence. The Authority explicitly considers stakeholder views and other relevant information sources when taking decisions on its reports and other products

APPENDIX



The Hon Greg Hunt MP
Minister for the Environment

15 DEC 2014

PDR: MS14-002901

Mr Bernie Fraser AO
Chair
Climate Change Authority
GPO Box 1944
MELBOURNE VIC 3001

Dear Mr Fraser *Bernie*

Please find attached an instrument requesting the Climate Change Authority undertake a special review under section 59 of the *Climate Change Authority Act 2011*.

Yours sincerely

Greg Hunt
Greg Hunt

Enc



15 DEC 2014

COMMONWEALTH OF AUSTRALIA

SPECIAL REVIEW BY THE CLIMATE CHANGE AUTHORITY

By this written instrument I, Greg Hunt, Minister for the Environment, request that the Climate Change Authority conduct a review under section 59 of the *Climate Change Authority Act 2011*, as below:

- Assess whether Australia should have an Emission Trading Scheme in the future and what conditions should trigger the introduction of such a scheme.
- This review must consider:
 - whether the USA, China, Japan, Republic of Korea and the EU have established ETSS or equivalent schemes that have similar effect;
 - Australia's international commitments and undertakings under the United Nation's Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol to which Australia is a party;
 - whether Australia should introduce an ETS that does not harm Australian businesses international competitiveness; and
 - what future emissions reduction targets Australia should commit to as part of an effective and equitable global effort to achieve the objective of the UNFCCC (Article 2) or subsequent agreement to which Australia is a party.

Timing

- The Authority should issue a draft report on what future emissions reduction targets Australia should agree to for public consultation by 30 June 2015.
- The Authority should issue a draft report on an Emissions Trading scheme for public consultation by 30 November 2015.
- The Authority should issue a final report by 30 June 2016 recommending what action Australia should take to implement outcomes flowing from the Paris conference.

Dated *10 December* 2014

Greg Hunt
Greg Hunt

Minister for the Environment

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