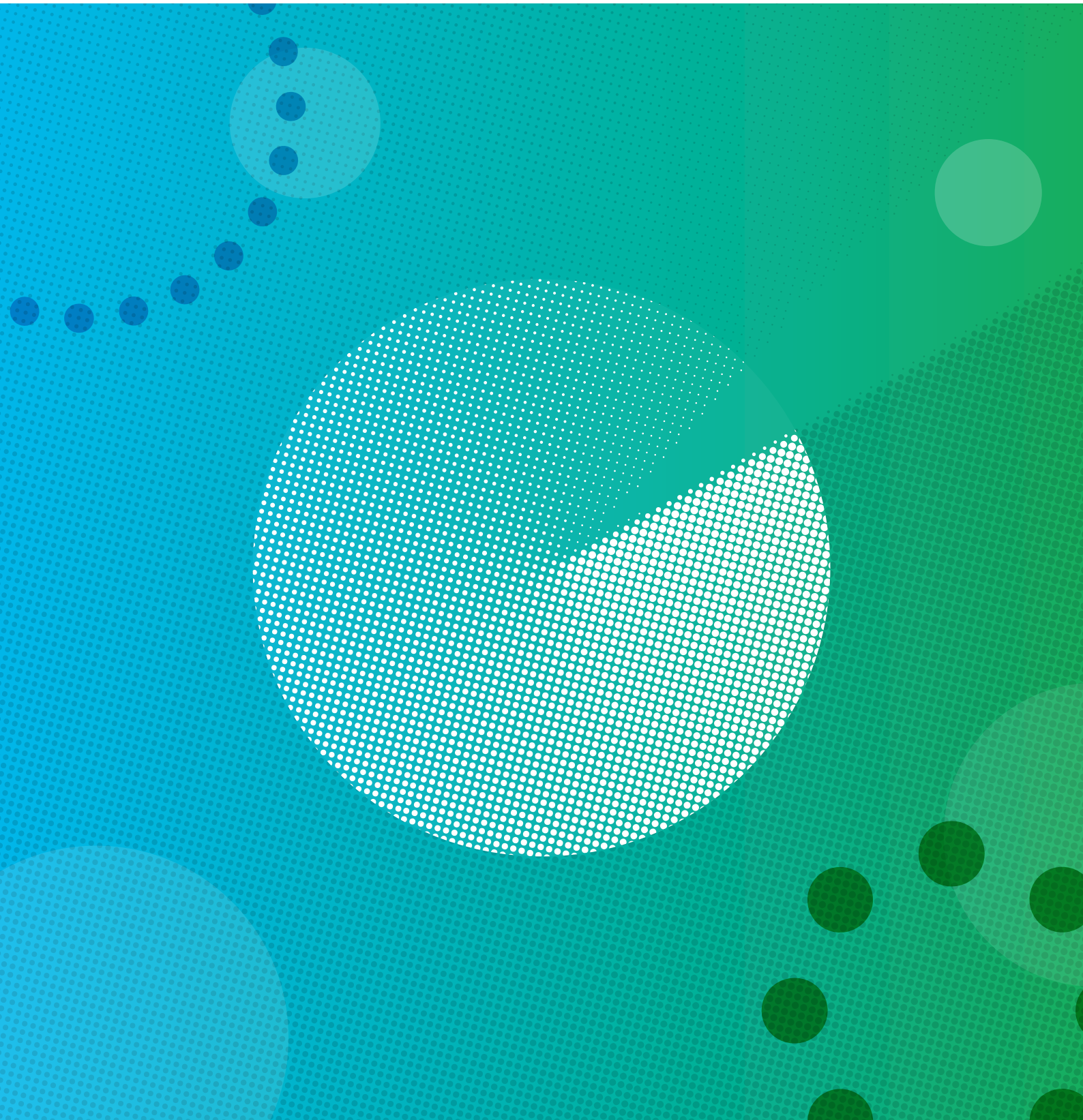




Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY CORPORATE PLAN 2016-17

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INTRODUCTION

I am pleased to introduce the third corporate plan for the Climate Change Authority.

The Climate Change Authority *Corporate Plan 2016-17* has been prepared to meet the requirements of paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and Division 8 of the *Climate Change Authority Act 2011*. The plan covers the periods 2016-17 to 2019-20.

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

This is the Authority's fourth 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, with a draft report released in April and final report in July 2015
- a draft report in the form of an options paper on emission reduction policies, including emissions trading schemes that could be used to meet the requirements of the Paris Agreement on climate change
- 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 (RET) (December 2012 and December 2014)
- a review of the Carbon Farming Initiative (CFI) (December 2014).

In 2014, the Authority also conducted independent research and released papers on vehicle emissions standards, international climate action and international carbon markets, and a guide to comparing countries' emissions reduction efforts.

In 2015-16, the Authority progressed its Special Review on Australia's climate policy as requested by the then Minister for the Environment. This review included reports on Australia's future emissions targets and the policies that Australia could adopt to reduce emissions, including an assessment of the various possible forms of emissions trading schemes. The Authority will deliver its final report of this Special Review in August 2016, including an analysis of policies that could be used to reduce emissions in the electricity generation sector.

In 2016-17, the Authority plans to undertake research reports in line with recommendations for further work resulting from the Special Review into climate change policies. The Authority also plans to commence its second review of the *Carbon Farming Initiative Act 2011*, which is due to be completed by 31 December 2017. Looking further ahead, the Authority is required to complete a review of the *National Greenhouse and Reporting Act 2007* by 31 December 2018.

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 in this plan.

The Authority is supported by an expert secretariat. The calibre of our staff is particularly impressive given the challenges of the past four 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 Energy, 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 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 (CFI) and National Greenhouse and Energy Report (NGER) system—these review requirements are established in legislation
- reviews and making recommendations on other matters as requested by the Minister for the Environment and Energy, or the Australian Parliament
- its own independent research and analysis into climate change and other matters relevant to its functions.

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 then Minister for the Environment, the Hon Greg Hunt MP, requested that the Authority undertake a Special Review into Australia's policies and future targets for reducing greenhouse gas emissions (see the appendix for the terms of reference). The Authority requested that the time frame be extended for the completion of the Special Review until after the federal election. The then Minister agreed to this request. The third report of the Special Review will be released at the end of August 2016, at the same time as a separate research paper on policies that could be used to reduce emissions in the electricity generation sector.

PERIOD OF CORPORATE PLAN

The third report of the Special Review is expected to include recommendations for further research and analytical work on emissions reduction policies. The Authority plans to progress research tasks recommended in the Special Review as part of its work plan in 2016-17. Further information on the Special Review and the Authority's work plan can be found under *Performance*.

In 2016-17, the Authority also plans to commence work on its second review of the Carbon Credits (Carbon Farming Initiative) Act, which is due to be completed by 31 December 2017.

In 2017-18, the Authority plans to commence work on its review of the *National Greenhouse and Reporting Act 2007*, which is due to be completed by 31 December 2018.

As noted below in the *Environment* section, government policy is that the Authority be wound up. This plan therefore focuses mainly on the 2016-17 and 2017-18 financial years, as it is difficult to plan for the remaining years in the context of this uncertainty.

AUTHORITY MEMBERS

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

The members of the Authority are:

- Chair: Ms Wendy Craik
- Chief Scientist: Dr Alan Finkel
- Mr Stuart Allinson
- Ms Kate Carnell
- Professor Clive Hamilton
- Professor David Karoly
- Mr Danny Price
- Professor John Quiggin
- the Hon John Sharp.

There is also an associate member, Mr Andrew Macintosh, who is appointed for the duration of the Special Review.

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 secretariat 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 its 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 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. Government policy is to wind up the Authority. This would require changes to the Authority's enabling legislation and it is unclear when this would occur.

The Authority is therefore operating in an environment of some uncertainty. Some of the implications of this uncertainty are outlined in the *Capability* and *Risk* sections below.

PERFORMANCE

OUTCOMES AND PERFORMANCE INFORMATION

OUTCOME DESCRIPTION

The Authority's outcome is to:

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

Activity 1: Conduct 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.

- The final report of the Special Review will recommend the action Australia should take to implement the outcomes of the United Nations climate change conference, held in Paris in December 2015. The Authority has announced that this report will be released by the end of August 2016.

Activity 2: Prepare research reports on emissions reduction policies that the Authority recommended for further work in the final report of the Special Review.

- The special review final report is expected to include recommendations for further research and analytical work. The Authority will conduct these research tasks and publish research reports in 2016-17.

Activity 3: Commence work on the second review of the Carbon Credits (Carbon Farming Initiative) Act, which is due to be completed by 31 December 2017.

- The CFI is part of the Commonwealth Government's response to climate change. It is a national voluntary scheme of emissions offsets for activities that reduce or avoid greenhouse gas emissions.
- The Authority released its first review of the CFI on 22 December 2014. In 2016-17, the Authority will commence work on its second review of the Carbon Credits (Carbon Farming Initiative) Act, which is due to be completed by 31 December 2017.

OUTCOME STRATEGY

The Authority will deliver influential, independent and expert advice by:

- engaging stakeholders to gather information and debate policy options
- undertaking extensive and rigorous research and analysis
- presenting insightful and practical reports
- operating within a strong governance and accountability framework.

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.

DELIVERY STRATEGIES

The Authority will deliver on its legislative obligations by preparing high-quality reviews on time by:

- undertaking thorough policy development and analysis, including
 - desktop research and analysis into relevant issues
 - in-depth analysis into relevant sectors and contemporary research
- commissioning other analytical work (for example, economic modelling) where required
- 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 meetings of the Authority
- providing briefing and other supporting documentation that are fit-for-purpose and of a high quality.

PERFORMANCE MEASUREMENT AND ASSESSMENT

TABLE 1: PERFORMANCE INFORMATION

YEAR	ACTIVITY	KEY PERFORMANCE INDICATORS	TARGET	ASSESSMENT
2016-17	<ul style="list-style-type: none"> Final report of Special Review Research paper on electricity generation 	<ul style="list-style-type: none"> The research paper on the electricity generation sector and the final report of the Special Review are well received and attract a reasonable level of discussion among stakeholders. Public consultation processes are transparent, accessible and are highly regarded by stakeholders. The Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders. 	<ul style="list-style-type: none"> The electricity generation research paper and the third review report are released by 31 August 2016 Submissions on the Special Review are published on the Authority's website and the third report is informed by stakeholder feedback Stakeholders express the view that consultation has been meaningful and transparent Economic modelling, submissions and review reports are accessible on the Authority's website Up to three reports on emissions reduction policies completed by 30 June 2017 Commences 2nd quarter 2016-17 	<ul style="list-style-type: none"> Internal review of report content to assess extent of stakeholder feedback used Analysis of feedback from stakeholders in public forums and submissions Website content is analysed and reported in annual report
	<ul style="list-style-type: none"> Research reports on emissions reduction policies—further work recommended in Special Review 	<ul style="list-style-type: none"> Research reports are of a 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 Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders. 		<ul style="list-style-type: none"> Analysis of feedback from stakeholders in public forums and submissions
	<ul style="list-style-type: none"> Initial work on CFI legislation review 	<ul style="list-style-type: none"> Scoping and methodology for CFI review are planned and put in train; research work commences. Public consultation processes are transparent, accessible and highly regarded by stakeholders. The Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders. 	<ul style="list-style-type: none"> Planning for CFI review completed 3rd quarter 2016-17; research commences 4th quarter 2016-17 	<ul style="list-style-type: none"> Authority members satisfied with progress Analysis of feedback from stakeholders in public forums and submissions
2017-18	<ul style="list-style-type: none"> Finalise CFI review Commence work on NGER review 	<ul style="list-style-type: none"> The CFI review report is of a 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 Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders. Scoping and methodology for NGER review are planned and put in train; research work commences. Public consultation processes are transparent, accessible and highly regarded by stakeholders. The Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders. 	<ul style="list-style-type: none"> The CFI review is completed by 31 December 2017 Planning for NGER review completed end 3rd quarter 2017; research commences 4th quarter 2017-18 	<ul style="list-style-type: none"> Analysis of feedback from stakeholders in public forums and submissions Authority members satisfied with progress

As noted in the *Environment* section, government policy is that the Authority be wound up. The performance information in this plan therefore focuses mainly on the 2016-17 and 2017-18 financial years, as it is difficult to forecast and plan the remaining reporting periods in the context of this uncertainty.

If the Authority is not wound up over the current reporting period, it will finalise its review of the CFI legislation and commence work on its review of the NGER legislation in 2017-18.

The next scheduled review of the CFI legislation after 2017 would need to be completed by 31 December 2020. The next review of the NGER legislation is not due to conclude until the end of 2023 and is beyond the scope of this plan.

The Authority intends to continue to use the following high-level performance indicators as the basis for its performance reporting in future years. Detailed performance information for these later reporting periods will be provided in subsequent corporate plans:

- Reviews and reports from research conducted by the Authority are of a 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 Authority's decision-making in conducting and completing reviews is independent and is perceived as independent by stakeholders.
- Stakeholders express the view that consultation has been meaningful and transparent.
- Economic modelling, submissions and review reports are accessible on the Authority's website.
- Authority members are satisfied with the level of secretariat support.

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The Authority's outcome is to *provide expert advice to the Australian Government on climate change mitigation initiatives, including through conducting periodic reviews and undertaking climate change research.*



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 recruit staff and deliver its work plan.

As a small agency, the Authority partners with other Commonwealth agencies to deliver its payroll, ICT, finance payable and receivable, security and legal services 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 secretariat currently consists of an acting CEO leading 14 staff. A significant portion of this workforce is employed on a non-ongoing or temporary basis.

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.

With the decision to relocate the Authority from Melbourne to Canberra, most Authority staff are expected to separate from the APS with redundancies. The Authority is managing this transition by providing regular and timely communication on matters relating to the relocation and is supporting staff through the Employee Assistance Program. Senior managers in the Authority are also using their professional networks to help staff find alternative employment in Melbourne.

Recruitment for Authority staff in Canberra is currently underway. Given the Authority's uncertain future, new staff will be offered non-ongoing employment and/or secondments from other Commonwealth agencies.

KNOWLEDGE MANAGEMENT

The relocation to Canberra from Melbourne places a premium on effective knowledge management. The Authority plans to manage this by employing the following strategies:

- effective electronic document storage and migration
- 'handover' sessions between individual current and incoming staff
- 'lessons learnt' policy discussion sessions between current and incoming staff.

SHARED SERVICES 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 is relocating to Canberra from its current base in Melbourne in September 2016. A steering committee with representation from the Authority secretariat and the Department of the Environment and Energy has been established to oversee the transition of shared services from Melbourne to Canberra.

The Authority will work through the steering committee and with its other current service providers to review its shared services arrangements as part of the relocation change management processes and the Commonwealth's shared and common services program. The Authority anticipates partnering with the Environment and Energy portfolio shared services where these would provide economies of scale and value for money.

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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.



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.

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 appropriate
- ensure there is effective 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
- maintain governance issues as standing agenda items on regular senior executive meetings.

RISKS

Table 2 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 2: CLIMATE CHANGE AUTHORITY STRATEGIC RISKS

RISK TYPE	RISK DESCRIPTION	LIKELIHOOD, CONSEQUENCE AND RATING	MITIGATION STRATEGIES
MANAGING FINANCIAL RESOURCES	<ul style="list-style-type: none"> Relocation to Canberra and loss of corporate memory compromises financial management systems Uncertainty about the Authority's future and funding compromises delivery of work program 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 the transition to Canberra including through a steering committee with representatives from the Department of the Environment and Energy The CEO and the business manager monitor budget expenditure closely Funding priorities planned to align with key priorities and closely monitored by CEO and business manager Funding priorities and constraints communicated to Authority members
MANAGING PEOPLE RESOURCES	<ul style="list-style-type: none"> Inability to recruit staff in circumstances of operational uncertainty compromises delivery of work program Failure to support the health and wellbeing of staff during a period of significant change 	Possible; major; medium	<ul style="list-style-type: none"> Active program of recruitment for expert Canberra-based staff to commence in 2nd quarter 2016-17 Staff kept informed about developments in the operational environment and supported with effective change management and resilience strategies, including through the Employee Assistance Program
CAPABILITY	<ul style="list-style-type: none"> Departure of Melbourne-based staff leads to loss of corporate knowledge, compromising work program or Public Governance, Performance and Accountability Act requirements 	Unlikely; major; medium	<ul style="list-style-type: none"> Systems in place to capture staff knowledge prior to staff departures
PERFORMANCE	<ul style="list-style-type: none"> The Special Review report and other research reports contain significant factual errors or fail to meet delivery deadlines Stakeholders think that the Authority does not have the expertise to advise the government effectively 	Possible; major; medium	<ul style="list-style-type: none"> The Authority maintains 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

CLIMATE CHANGE AUTHORITY
GPO BOX 1944
MELBOURNE VIC 3001

FREECALL
1800 475 869

EMAIL
ENQUIRIES@CLIMATECHANGEAUTHORITY.GOV.AU

