



Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY ANNUAL REPORT 2016-17



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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Australian Government
Climate Change Authority

The Hon Josh Frydenberg MP
Minister for the Environment and Energy
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 2016-17.

This document has been prepared in accordance with subsections 56(1), 56(2) and 56(3) of the *Climate Change Authority Act 2011*; sections 63 and 70 of the *Public Service Act 1999* and section 46 of the *Public Governance, Performance and Accountability Act 2013*. I certify that all of the requirements have been addressed.

In accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that the Climate Change Authority has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the agency.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shayleen Thompson', with a long horizontal flourish extending to the right.

Shayleen Thompson
A/g Chief Executive Officer

13 October 2017

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MEMBERS OF THE CLIMATE CHANGE AUTHORITY



CHAIR: DR WENDY CRAIK (AM)

Dr Wendy Craik was appointed as Chair of the Authority on 12 October 2015 for a term of five years.

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 (MDBC), President of the National Competition Council (NCC), Chair of the Australian Fisheries Management Authority (AFMA) and Australian Rural Leadership Foundation, Executive Director of the National Farmers' Federation (NFF) and Executive Officer of the Great Barrier Reef Marine Park Authority (GBRMPA). She has been a director on a number of boards. She is currently Deputy Chancellor at the University of South Australia, Chair of the NSW Marine Estate Management Authority, and Chair of the NESP Climate Science and Earth Systems Hub Steering Committee.

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

The Chief Scientist is an ex officio member of the Climate Change Authority. Dr Alan Finkel began his three-year term as Chief Scientist on 25 January 2016. 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's career has predominantly focused on the energy sector, as a manager, consultant and company director in Australasia and Europe. In 2012 Mr Allinson co-founded BidEnergy and continues as its Executive Director today. With headquarters in Melbourne, BidEnergy is a cloud-based platform helping multi-site organisations control their energy spend locally and globally.

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. Subsequently, he co-founded Exigency Management Pty Ltd, a specialist energy and environmental advisory firm.



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.

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

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. She was appointed as an Officer of the Order of Australia in 2006 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

The Hon John 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. During his parliamentary career, he 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 (ARTC).

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); and Chairman of Pel Air, an airfreight business and charter operator. He was the director of Airbus Group Australia Pacific, where he served from 2001-15. He was also a director of Skytraders, operating aircraft for the Australian Antarctic Division from 2005-13. He served as Federal Treasurer of the National Party from 2000-15 and was also a Director of the French/Australian Chamber of Commerce and Industry.



PROFESSOR CLIVE HAMILTON

Professor Clive Hamilton was appointed as a member of the Authority on 1 July 2012 for a term of five years. He holds the Vice-Chancellor's Chair and is Professor of Public Ethics at the Centre for Applied Philosophy and Public Ethics, Charles Sturt University. For 14 years, he was the Executive Director of The Australia Institute, a progressive think-tank. He holds an arts degree from the Australian National University (ANU) and an economics degree from the University of Sydney, and completed his doctorate at the Institute of Development Studies at the University of Sussex.

Before establishing The Australia Institute, Professor Hamilton taught in the Graduate Programme in the Economics of Development at ANU, and then joined the Australian Public Service, first with the Bureau of Industry Economics and then at the Resource Assessment Commission. He also worked as a resource economist in Indonesia. Professor Hamilton has held visiting academic positions at Yale University, the University of Cambridge and the University of Oxford. In 2009, he was made a Member of the Order of Australia.

Professor Hamilton resigned from his position as a member of the Authority on 10 February 2017.



PROFESSOR DAVID KAROLY

Professor David Karoly was appointed as a member of the Authority on 1 July 2012 for a term of five years. He is Professor of Atmospheric Science in the School of Earth Sciences and the ARC Centre for Climate System Science at the University of Melbourne. His research expertise is in climate variability and climate change, including greenhouse climate change, stratospheric ozone depletion and inter-annual climate variations due to El Niño–Southern Oscillation.

Professor Karoly was Chair of the Premier of Victoria’s Climate Change Reference Group during 2008-09 and a member of the Australian Government’s High Level Coordinating Group on Climate Change Science during 2009-11. Professor Karoly was also a member of the Science Advisory Panel of the Australian Climate Commission from 2011 until its cessation in 2013. Professor Karoly is currently a member of the Wentworth Group of Concerned Scientists.

Professor Karoly’s term ended on 30 June 2017.



MR DANNY PRICE

Mr Danny Price was appointed as a member of the Authority on 12 October 2015 for a period of five years.

Mr Price is a founder and Managing Director of economics consulting firm Frontier Economics. He is a leading expert in energy and greenhouse economics, with over 25 years experience advising governments, regulators, private utility companies and investment firms.

Mr Price specialises in power-sector modelling, power trading and hedging, industry reform, regulation, asset sales and acquisitions, and greenhouse policy. He has also led a number of major projects on energy industry regulation and reform implementation in Australia.

Mr Price resigned as a member of the Authority on 21 March 2017.



PROFESSOR JOHN QUIGGIN

Professor John Quiggin was appointed as a member of the Authority on 1 July 2012 for a term of five years. He is an Australian Laureate Fellow at the University of Queensland, and has held academic positions at the Australian National University (ANU), James Cook University, the University of Maryland, the University of Sydney, Johns Hopkins University and the University of Queensland, and was a board member of the Queensland Competition Authority. He obtained bachelor degrees in arts and economics and a master's degree in economics from ANU, and was awarded his PhD from the University of New England in 1988.

Professor Quiggin is among the top 500 economists in the world according to IDEAS/Respect and is best known for his work on utility theory. Professor Quiggin has frequently been recognised for his research, including twice receiving Federation Fellowships from the Australian Research Council. His most recent book, *Zombie Economics: How Dead Ideas Still Walk Among Us*, was published in October 2010 by Princeton University Press. Professor Quiggin is a Fellow of the Econometric Society and in 2011 received the Distinguished Fellow Award of the Economic Society of Australia.

Professor Quiggin resigned from his position as a member of the Authority on 23 March 2017.



PROFESSOR ANDREW MACINTOSH

Professor Andrew Macintosh was appointed on 1 November 2015 as an associate member of the Authority assisting with the Special Review. He served with the Authority until the conclusion of the Special Review at the end of August 2016.

Professor Macintosh has degrees in law, commerce (majoring in economics, finance and accounting) and environmental management. He has expertise in environmental law and policy, particularly in relation to climate change mitigation and adaptation, property rights regimes, land use, land-use change and forestry, and environmental impact assessment and approval processes.

After graduating from Sydney University in 1997, he worked as a solicitor at Mallesons Stephens Jacques and later at Minter Ellison, where he was a member of the firm's environmental and planning practice. Later, he tutored law at several colleges at the University of Cambridge. Prior to joining the Australian National University (ANU) College of Law, he was Deputy Director of The Australia Institute and has previously worked as an environmental advisor to the Australian Democrats.

Professor Macintosh has been the Associate Director of the ANU Centre for Climate Law & Policy since 2007. He is also a fellow at the Australian Centre for Environmental Law and member of the ANU Centre for Climate Economics & Policy, ANU Climate Change Institute and ANU Energy Change Institute. He teaches postgraduate Australian Climate Law and Commonwealth Environmental Law, and supervises both PhD and Honours students.

CHIEF EXECUTIVE OFFICER'S REVIEW

2



I am pleased to present the Climate Change Authority's fifth annual report, for the financial year 2016-17.

This is the Authority's fifth year of operation and once again, it has been a year of significant achievement.

In August 2016, the Authority delivered its third and final report of the Special Review on Australia's climate goals and policies as requested by the then Minister for the Environment. This report was the culmination of nearly 18 months of research and analysis. It built on previous reports released in 2015, which examined Australia's targets for the Paris Agreement and options for the policies that could be used to meet these goals. The Authority also released modelling and analysis of policies to reduce emissions from the electricity generation sector.

The final Special Review report recommended some avenues for future research including an examination of the multiple benefits for the broader environment and on-farm profitability that could flow from well-coordinated policies to reduce emissions on the land. The Authority released an issues paper in March 2016 on these issues and the Authority will finalise this research in 2017-18.

In 2016-17, the Authority also worked with the Australian Energy Market Commission (AEMC) to prepare a joint report on policies to enhance power system security and to reduce electricity prices consistent with Australia's emissions reduction targets in the Paris Agreement. This joint report was provided to the Minister for the Environment and Energy in early June 2017.

The Authority will complete its second review of the *Carbon Credits (Carbon Farming Initiative Act) 2011* by 31 December 2017. The CFI Act provides the legislative basis for the Emissions Reduction Fund. Looking further ahead, the Authority is required to complete a review of the *National Greenhouse and Reporting Act 2007* by the end of the 2018 calendar year.

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. These core principles and values are set out in more detail in this plan.

The Authority is supported by an expert secretariat. The team includes a number of new staff following the Authority's move from Melbourne to Canberra in 2016. The new team quickly got up to speed on the intricacies of climate policy.

Government policy is to wind up the Authority 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.

The Authority is therefore operating in an environment of some uncertainty. It is a testament to the commitment of its members and staff that the Authority continues to produce high-quality work.

In this context, I would like to extend my grateful thanks to the Authority members, particularly the Chair, Dr Wendy Craik. The engagement, guidance and expertise of our Chair and members have added great value to the Authority's work throughout the year.

I also thank the Authority secretariat staff, all of whom display high levels of resilience, expertise and good humour in providing advice on climate change policy.



Shayleen Thompson
A/g Chief Executive Officer



3

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 an independent statutory body established to provide expert and balanced advice on climate change policy issues.

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

- the operation of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth), relating to projects to remove carbon dioxide from the atmosphere or avoid emissions of greenhouse gases; and
- the *National Greenhouse and Energy Reporting Act 2007* (Cth), relating to greenhouse gas and energy reporting.

Under section 59 of the Act, the Minister for the Environment and Energy, or either House of Parliament, may request the Authority to conduct special reviews.

In addition to the functions listed above, the Authority can conduct independent research about matters relating to climate change (under section 11 of the Act).

The Authority reports to the Commonwealth Parliament through the Minister for the Environment and Energy.

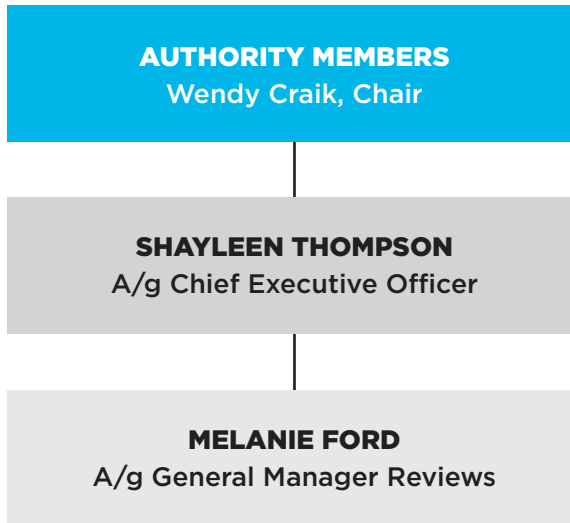
3.2 ORGANISATIONAL STRUCTURE

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

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. The Authority has an acting CEO, Ms Shayleen Thompson, who is appointed until 30 June 2018.

The Authority has in place established structures, systems and processes to ensure that its governance, compliance and accountability responsibilities are met (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 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 this by conducting regular 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.

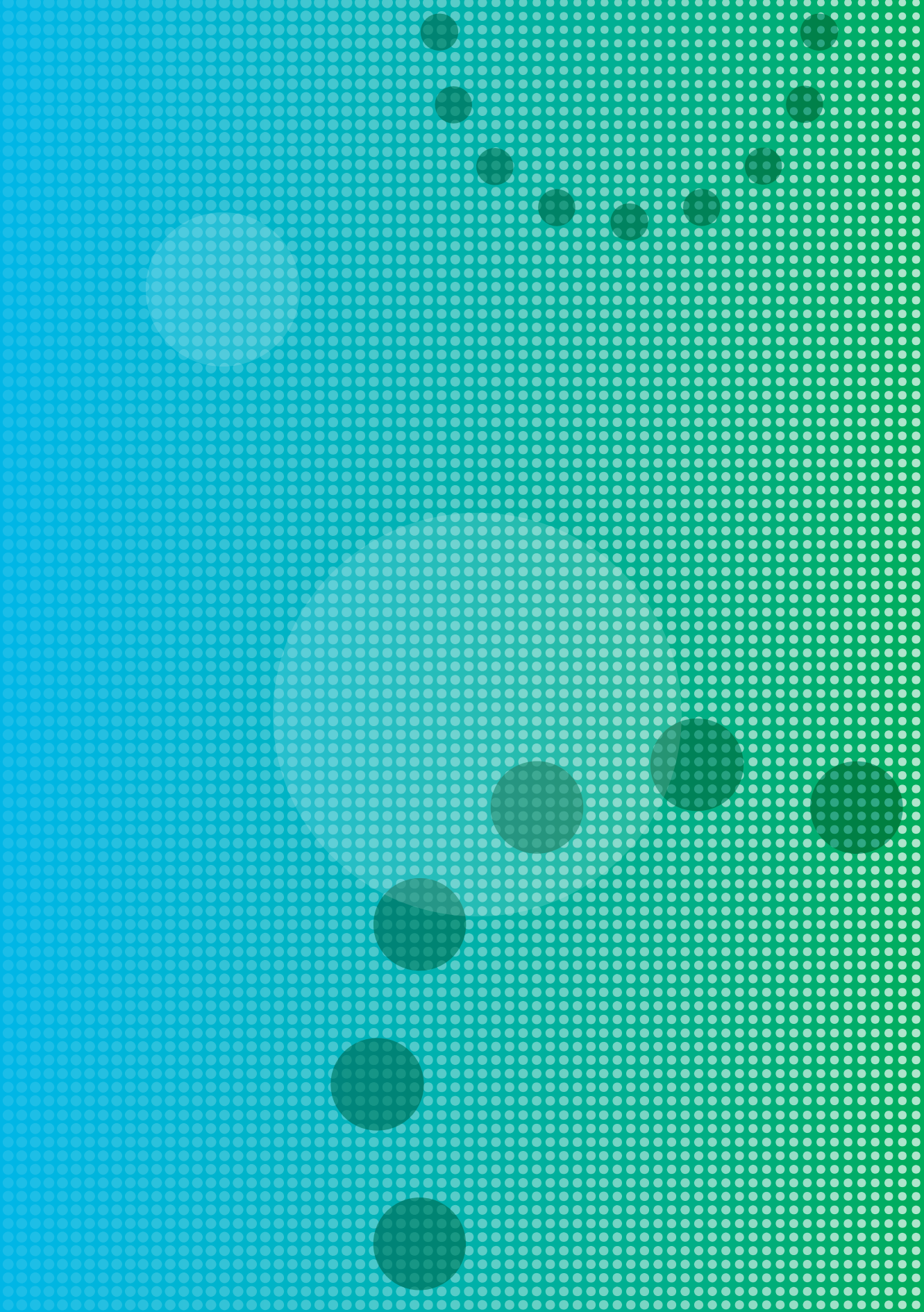
BOX 1: OUTCOMES AND PERFORMANCE INFORMATION**Outcome description**

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 2016-17, 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

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4.1 INTRODUCTORY STATEMENT

This report outlines the 2016-17 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 Commonwealth 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

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 recommended policies Australia should adopt to meet its Paris Agreement goals. The report was released on 31 August 2016 in line with the revised timeline set by the then Minister for the Environment.

Activity 2: Work with the Australian Energy Market Commission (AEMC) to prepare a joint report on policies to enhance power system security and to reduce electricity prices consistent with Australia's emissions reduction targets in the Paris Agreement.

- This joint report was provided to the Minister for the Environment and Energy on 1 June 2017.

Activity 3: Conduct research on emissions reduction policies that the Authority recommended for further work in the final report of the Special Review.

The final Special Review report recommended some avenues for future research including an examination of multiple benefits from well-coordinated policy to reduce emissions on the land. The Authority released a consultation paper: *Action on the Land: reducing emissions, conserving natural capital and improving farm profitability* in March 2017. The Authority will finalise the research report on coordinated policy for the land in 2017-18.

Activity 4: Commence work on the second review of the Carbon Credits (Carbon Farming Initiative) Act 2011.

- *The Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act) was amended in 2014 to support and administer new arrangements for the Emissions Reduction Fund (ERF), which forms a central plank of the Australian Government's emissions reduction policy. It is a national voluntary scheme that credits and purchases emissions reductions.
- In 2016–17, the Authority began working on its second review of the CFI Act, which must be completed by 31 December 2017.

Source: Programme 1.1, 2016–17 Portfolio Budget Statement, p.189; *Corporate Plan 2016–17*, p.8

4.4 DELIVERY STRATEGIES

The Authority will deliver high-quality reports on time by:

- Undertaking thorough policy development and analysis, including
 - Desktop research and analysis
 - In-depth analysis into emissions reductions opportunities included commissioning 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 Authority 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.

Source: *Corporate Plan 2016–17*, p. 9.

4.5 REPORT ON PERFORMANCE

TABLE 4.1: PERFORMANCE INFORMATION

ACTIVITY	KPI	TARGET	ASSESSMENT
<ul style="list-style-type: none"> Final report of Special Review Research paper on electricity generation 	<ul style="list-style-type: none"> Review and research reports are of a high quality, well-received by stakeholders, and are highly regarded by forums and discussions. 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 on 31 August 2016. Submissions on the Special Review are published on the Authority's website and by stakeholder feedback. Stakeholders express the view that consultation has been meaningful and transparent. Number of consultation forums and meetings. Economic modelling, submissions and review reports are accessible on the Authority's website. 	<p>Reports completed on time</p> <p>The Special Review report and the accompanying electricity report were submitted to the Minister by the revised due date (31 August 2016).</p> <p>Report is well received/creates discussion</p> <p>Report Three was referred to or discussed in 17 media pieces, shortly after its release. Business groups including the National Farmers Federation, Investor Group on Climate Change, the Australian Industry Group, the Carbon Market Institute, the Australian Energy Council and the Business Council of Australia welcomed Report Three. Environmental groups had a more mixed response, with some expressing disappointment with the report's consideration of Australia's emissions reduction targets.</p> <p>The Grattan Institute and The Australia Institute supported the report.</p> <p>Public consultation is accessible, transparent/highly regarded</p> <p>The Authority met with more than 60 experts and stakeholder groups on the Special Review and climate policy in 2016.</p> <p>A webinar on the Special Review was held in February 2016. About 40 individuals or organisations took part.</p> <p>Stakeholders made 71 submissions to the Special Review (Report Two). Four were confidential.</p> <p>Technical expert groups with representation from energy firms, business and environmental organisations and energy regulators were established as a consultation mechanism for the electricity generation report. The technical group praised the consultation undertaken by the Authority on the electricity research.</p> <p>The Climate Roundtable (Australian Energy Council, Investor Group on Climate Change, The Climate Institute, Australian Aluminium Council, Australian Industry Group, Business Council of Australia and Victorian Council of Social Services) provided positive feedback to the Authority on its engagement with stakeholders (Authority meeting, April 2016).</p> <p>Recommendations and findings from the report were discussed in policy forums held by the Melbourne Business School, the European Union Commission and the Australian Academy of Technological Sciences and Engineering.</p> <p>No negative feedback on the consultation process was received.</p>

ACTIVITY	KPI	TARGET	ASSESSMENT
<ul style="list-style-type: none"> Joint report with the AEMC on energy policy 	<ul style="list-style-type: none"> Review and 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 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 joint AEMC energy report released on 1 June 2017. Economic modelling, submissions and review reports are accessible on the Authority's website. 	<p>Independent decision-making</p> <p>Some stakeholders publicly questioned the decision to delay the release of Report Three to avoid the election period. The Authority placed an explanation for the delay and advice on the new timeframe for its release on its website, shortly after the decision was made.</p> <p>Internal review of report content to assess extent of stakeholder feedback use</p> <p>Report Three made 55 references to stakeholder submissions or other communications with the Authority on the Special Review.</p> <p>Monitoring of website</p> <p>Analysis of the website indicates that the review reports and electricity modelling reports were placed on the website on 31 August 2016.</p> <p>Unless marked confidential or received late, submissions from stakeholders were placed on the website 19 days or less after the call for submissions closed.</p>
<ul style="list-style-type: none"> Report completed on time 	<p>Report is well received/creates discussion</p> <p>The energy report featured in at least seven media articles.</p>	<p>Report completed on time</p> <p>This (unanticipated) report was completed in seven weeks and submitted to the Minister on the due date (1 June 2017).</p>	<p>Public consultation is accessible, transparent/highly regarded</p> <p>Nine submissions were made to the energy review. The Authority met with eight organisations to consult on the energy review.</p>
<ul style="list-style-type: none"> Internal review of report content to assess extent of stakeholder feedback use 	<p>Independent decision-making</p> <p>The Authority's findings in the energy report were the result of independent decision-making.</p>	<p>Internal review of report content to assess extent of stakeholder feedback use</p> <p>The report referenced 29 organisations and individuals that supported one of the key policy options examined in the energy report.</p>	<p>Monitoring of website</p> <p>The energy report and a report of economic analysis were placed on the Authority's website on 2 June 2017.</p> <p>Public submissions were put on the website three days after the closing date for submissions.</p>

ACTIVITY	KPI	TARGET	ASSESSMENT
<ul style="list-style-type: none"> Research reports on emissions reduction policies—further work recommended in Special Review 	<ul style="list-style-type: none"> Review and 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. 	<ul style="list-style-type: none"> Up to three reports on emissions reduction policies completed by 30 June 2017 Commence 2nd quarter 2016-17 	<p>Reports completed on time</p> <p>The Authority decided to do one research report in 2016-17. The land policy issues paper – <i>Action on the Land: reducing emissions, conserving natural capital and improving farm profitability – an issues paper</i> was released for public consultation on 9 March 2017. The final land policy research report was delayed because of the need to reprioritise Authority resources to the energy report.</p> <p>Feedback from stakeholders in media, public forums and submissions</p> <p>19 submissions were made on the land policy consultation paper.</p> <p>The Authority spoke with over 30 organisations to consult on the paper.</p>
<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. 	<ul style="list-style-type: none"> Planning completed end 3rd quarter 2016-17; research commences 4th quarter 2016-17 	<p>Timeframes for initial work were met</p> <p>Planning completed and research tasks for the CFI legislative review commenced on time.</p> <p>Authority members indicated satisfaction with progress on CFI legislative review.</p>

4.6 RESULT AGAINST PERFORMANCE CRITERIA

The Authority performed well against its performance criteria in 2016–17. Report Three of the Special Review and the joint report on energy with the AEMC are assessed as meeting the KPI for research reports to be of a high quality, well-received by stakeholders, and used in public policy forums and discussions. For these reports the KPI that public consultation processes are transparent, accessible and are highly regarded by stakeholders is also assessed as having been met (see Table 4.1).

The KPI that the Authority's decision-making is transparent is also assessed as having been met. The Authority was transparent in placing its reasons for seeking a delay for the release of Report Three from the Minister on the website before the original due date for the release of the report. The Authority provided analysis in Report Three as to how it met the terms of reference for that review. For the joint report with the AEMC on energy policy, the Authority's findings were reached independently.

The Authority's legislation allows it to undertake research projects of its own choosing. In 2016–17, the Authority decided to undertake research into a topic recommended for further work in Report Three: namely an examination of the multiple benefits for the broader environment and on-farm profitability from well-coordinated policies to reduce emissions on the land. The Authority had decided that this research project would be completed by early July 2017. However, the unanticipated request from the Government to conduct the review with the AEMC on energy policy (to be completed in early June 2017) meant that resources previously allocated to the land policy research paper had to be re-deployed onto the energy review.

The Authority therefore decided to delay the completion of the land policy research report until early 2018 and it will be assessed in the 2017–18 reporting period.

The energy review report was an intensive process, conducted in a short time frame. The Authority advised stakeholders, in the interests of efficiency, it would consider submissions made to other relevant government policy processes (including the Authority's 2016 Special Review and the Government's 2017 review into climate policy) as well as to the energy review itself. Nine new or updated submissions were made to the Authority's energy review. The Authority also met with eight organisations via teleconference to consult on the energy review. The short time frame (about seven weeks from receiving the terms of reference until the delivery date) necessitated preparation of a brief, tightly focused report, and stakeholder views on a key policy option were summarised in an attachment to the report. The report attracted a reasonable degree of media and stakeholder attention before the *Independent Review into the Future Security of the National Electricity Market* (which covered similar ground) was publicly released a few days later on 9 June 2017.

The Authority's independent members have provided positive feedback to the Authority secretariat on its work over the reporting period and this feedback has been expressed in meeting minutes, on the Authority website and in the Authority Chair's response to questions in the Senate Estimates hearings.

4.7 ANALYSIS OF PERFORMANCE AGAINST PURPOSE

The Authority's purpose is to provide expert advice to the Commonwealth 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).

The Authority has provided expert advice to the Commonwealth Government in Report Three of the Special Review and its joint report with the AEMC on energy policy. It has made progress on its self-generated research project on land policy and the CFI legislated review. These reports will be assessed in the 2017-18 reporting period.

The analysis in Table 4.1 above indicates that Authority reports have informed public discussion on climate policy and that stakeholders have been actively engaged in Authority consultation processes. Analysis of Authority reports demonstrates that stakeholder engagement has directly informed the Authority's advice to the Government.

The Authority has made its reports and underpinning analytic products as well as submissions from stakeholders publicly available on its website in a transparent and timely way.

Based on the analysis in Table 4.1 and Section 4.6 above, the Authority is assessed as performing well against its purpose, as assessed against its performance criteria.



5

MANAGEMENT AND ACCOUNTABILITY

5.1 CORPORATE GOVERNANCE

The Climate Change Authority is an independent statutory authority comprising a Chair and eight members. For this reporting period, one associate member was appointed for the term of the Special Review. The Authority was supported by a secretariat of nine staff at 30 June 2017.

The Authority was established as a body corporate to facilitate the independence of its activities. 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 2016-17, the acting CEO was supported by the acting General Manager Reviews and a Business Manager who also served as the Authority's Chief Financial 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 fourth corporate plan covers the periods 2017-18 to 2020-21 and 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 2016-17, the Authority further refined the foundation work on risk management that was undertaken in its first four years of operation. An ongoing major focus for 2016-17 was to ensure that risk management was maintained as an organisation-wide priority and to further embed Authority risk management practices.

For 2016-17, an updated strategic risk management profile, policy and framework was reviewed by senior management and endorsed by the Authority's Audit Committee. The Business Manager 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

In 2016–17, the Authority continued to embed its Fraud Control Plan, covering the years 2015–17. The plan was developed to specifically comply 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 acting CEO and Audit Committee. In early 2017 an updated Fraud Control Plan was reviewed by senior management and endorsed by the Authority's 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 2016–17.

5.1.3 ASSETS AND ASSET MANAGEMENT

In 2016–17, the Authority assets were managed in accordance with the Accountable Authority Instructions and relevant accounting standards. The Authority moved from Melbourne to Canberra in September 2016 and all the Authority's assets were then transferred to the Department of the Environment and Energy.

5.1.4 SHARED SERVICES

As a small agency, the Authority maintains agreements for the provision of corporate services.

The Authority is funded to June 2018. 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.

The Authority is close to finalising an updated shared services agreements with the Department of Industry, Innovation and Science (DIIS) for the provision of finance, payroll and human resources systems and support. In the interim, the Authority's previous agreement with that Department continues to operate. This arrangements was put in place when the Authority was part of the Industry portfolio and gives the Authority continuity for its core finance and payroll systems. The Authority has a second memorandum of understanding with the Department of the Environment and Energy (which is also being updated) for information technology systems and support, and some corporate services support including legal, freedom of information, media and some travel services. The Authority currently has a third corporate service MoU with the Department of the Prime Minister and Cabinet, which provides access to the Authority's financial management tool. Access to the financial management tool will become part of the DIIS MoU in 2017 and the PM&C MoU will then cease. Each of the MoUs is performed on a fee-for-service basis.

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.

The Audit Committee met twice during the year—on 3 August 2016 and 22 March 2017.

TABLE 5.1: AUDIT COMMITTEE MEMBERSHIP

3 AUGUST 2016	22 MARCH 2017
Mr John Hurst (Chair)	Ms Jo Schumann (Chair)
Ms Vicki Middleton	Ms Lily Viertmann
Ms Lily Viertmann	Mr Chris Pattas
Mr Chris Pattas	Mr John Begley
Ms Linda Nitschke	
Mr Peter Kerr	

For 2016-17, the major business of the committee included reviewing or approving the Authority's governance arrangements including:

- the Strategic Risk Profile and assessment
- Fraud Control Plan
- Business Continuity Plan
- budget processes
- the Audit Plan
- the Governance Compliance Checklist
- the Certificate of Compliance.

5.1.6 EXTERNAL SCRUTINY

During 2016-17:

- 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.

ETHICAL STANDARDS

In managing and developing its people, the Authority is bound by the Public Service Act 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 (APS) Values and Code of Conduct.

During 2016-17, the Authority maintained a range of measures to promote ethical standards and all employees were provided with a copy of the APS Values and Code of Conduct.

5.1.7 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 (IPS). 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 IPS requirements. The Authority publishes on its website all mandatory information on activities under the FOI Act.

5.1.8 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 2016-17, 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 2016-17.

5.2.2 RESOURCE STATEMENT 2016-17

TABLE 5.2: RESOURCE STATEMENT 2016-17

AGENCY RESOURCE STATEMENT 2016-17			
	ACTUAL AVAILABLE APPROPRIATION 2016-17 ²	PAYMENTS MADE 2016-17	BALANCE REMAINING
	\$'000	\$'000	\$'000
Ordinary annual services			
Departmental appropriation 2015-16 ¹	1,000	1,000	0
Carry forward 2015-16	1,000	1,000	0
Departmental appropriation 2016-17 ²	2,563	1928	624
S.74 relevant agency receipts ³	662	662	0
Revenue from related parties ⁴	11	11	11
Total ordinary annual services	3,236	2601	635
TOTAL RESOURCING AND PAYMENTS	4,236	3601	635

¹ *Appropriation Act (No. 1) 2015-16*.

² *Appropriation Act (No. 1) 2016-17. Supply Act (No. 1) 2016-17*.

³ 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.

⁴ Receipts from loss of assets.

5.2.3 PURCHASING

In 2016-17, 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, economical and ethical manner
- making decisions in an accountable and transparent manner.

All competitive tenders and contracts over \$10,000 let by the Authority during 2016-17 were listed on AusTender.

5.2.4 CONSULTANCIES

The Authority engages consultants when specific specialist expertise is required or if there is a need for independent research, review or assessment.

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

During 2016-17, the Authority entered into two new consultancy contracts – one for research on the role of natural resource management (NRM) and agriculture in delivering improved climate, productivity and natural resource outcomes. The actual expenditure for this contract was \$39,321. The second contract was for a review of recent economic modelling on energy policy. The actual expenditure for this contract was \$72,463. Total actual expenditure on these two contracts was \$111,784.

Procurement for the above consultancies was done in accordance with the Department of Finance procurement guidelines. The procurements for the NRM work and the review of energy policy modelling were both done through select tenders.

No other 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 2016–17, 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 2016–17.

5.3 MANAGEMENT OF HUMAN RESOURCES

At 30 June 2017, the Authority had nine employees, of whom six were ongoing and three were non ongoing. All Authority staff are located in Canberra.

The Authority's staff numbers declined throughout 2015–16 and early 2016–2017 due to the uncertainty about the Authority's future and the relocation to Canberra,

As of 10 October 2016, following the relocation to Canberra, five staff were employed by the Authority, including the Acting CEO. This number increased to nine staff by February 2017. Current Authority staffing as at 30 June 2017 is nine.

Ms Shayleen Thompson has acted in the position of CEO since 3 April 2015. Ms Thompson's acting position has been extended until 30 June 2018.

In 2016–17, the Authority had no non-ongoing or ongoing employees who identified as Indigenous. The Authority has not had any employees who identify as Indigenous since its establishment in July 2012.

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 2017

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	1	1	1	0	3
APS 6	2	0	1	0	3
Total	5	2	2	0	9

TABLE 5.4: CLIMATE CHANGE AUTHORITY SALARY STRUCTURES, 30 JUNE 2017

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

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 was set by the then Minister for Climate Change within the salary determination set by the Remuneration Tribunal each year.

No Senior Executive Service officers are currently employed under the Public Service Act, with the conditions of service set out under the then DCCEE SES Employment Conditions handbook. However, there is one Acting Senior Executive Officer. The CEO would determine SES remuneration in accordance with remuneration guidelines promulgated by the then DCCEE.

Details of CEO remuneration is at **Note 10, 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. Authority members' remuneration is determined by the Remuneration Tribunal on a yearly basis. Authority members receive an annual base fee plus meeting fees for attendance at official Authority meetings. Mr Andrew Macintosh was an associate member during the reporting period and did not receive a base fee. 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: REMUNERATION OF CLIMATE CHANGE AUTHORITY MEMBERS, 30 JUNE 2017

MEMBER STATUS	BASE SALARY—ANNUAL	MEETING FEES
Chair	\$56,320	\$1,076
Members	\$28,160	\$861

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 stating that all non-SES Authority staff were to be employed under the conditions of the *DCCEE Enterprise Agreement 2011–2014*.

SES Authority staff were employed under the Public Service Act and their conditions of service outlined in the DCCEE SES Employment Conditions handbook. In 2016–17, no non-SES staff members were employed on individual flexibility arrangements.

No employee of the Authority was employed under performance-based remuneration conditions in 2016–17.

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 2016–17, 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 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 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 (DoEE) Learning and Development program.

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 2016-17.

During 2016-17, 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 2016-17 and no return-to-work programmes conducted.

5.3.9 EMPLOYEE ASSISTANCE PROGRAMME

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

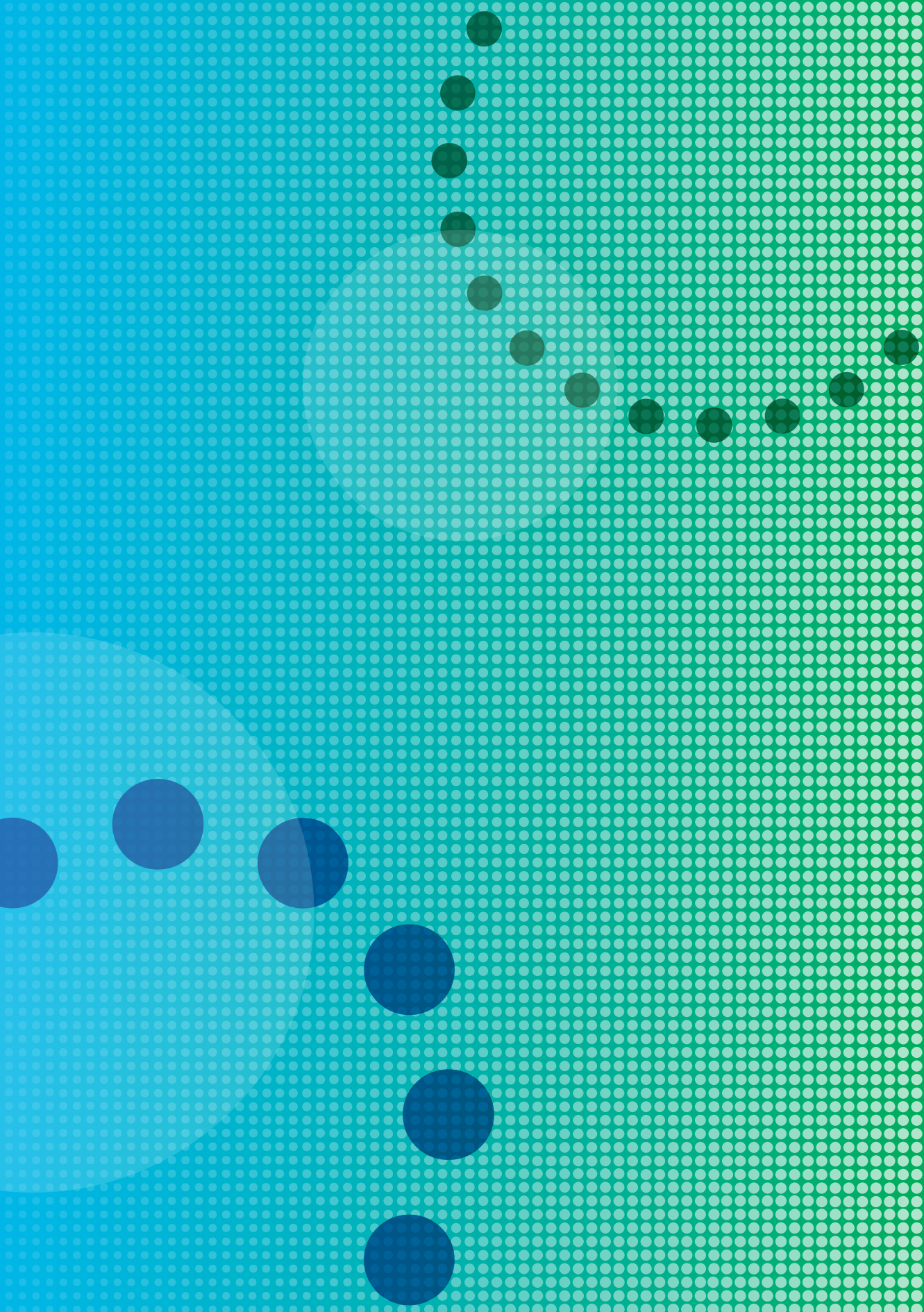
5.3.10 WORKPLACE DIVERSITY

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 and Energy

Opinion

In my opinion, the financial statements of the Climate Change Authority the year ended 30 June 2017:

- (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 2017 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 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies 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* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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 matters related to going concern as applicable 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

3 October 2017



Australian Government
Climate Change Authority

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND THE CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 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.


Shayleen Thompson
A/g Chief Executive Officer

3 October 2017

A handwritten signature in black ink, appearing to read 'Jenis Martin'.

Jenis Martin
Business Manager

3 October 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

		2017	2016	ORIGINAL BUDGET 2017
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	3A	2,339	3,265	2,210
Depreciation and amortisation	5	78	280	307
Suppliers	3B	841	2,166	353
Loss on disposal of assets		11	-	-
Total Expenses		3,269	5,711	2,870
Own-source revenue				
Other revenue		661	53	-
Other resources received free of charge (Audit services)		62	58	-
Total own-source revenue		723	111	-
Net cost of services		2,546	5,600	2,870
Revenue from Government (Departmental Appropriation)	1.5	2,563	3,561	2,563
Surplus/(Deficit) attributable to the Australian Government		17	(2,039)	(307)
Total comprehensive income/(loss) attributable to the Australian Government		17	(2,039)	(307)

Budget Variances Commentary

This commentary is based on the original 2016-2017 budget in the PBS.

Total expenses were higher than the budgeted amounts for a range of expenses, with the increases principally relating to the engagement of consultants and the provision of services under the memoranda of understanding with related entities.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		2017	2016	ORIGINAL BUDGET 2017
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		1,131	271	-
Trade and other receivables	4	13	1,023	-
Total financial assets		1,144	1,294	-
Non-Financial assets				
Leasehold improvements	5	-	275	-
Property, plant and equipment	5	-	-	-
Intangibles	5	-	38	-
Total non-financial assets		-	313	-
Total Assets		1,144	1,607	-
LIABILITIES				
Payables				
Suppliers		82	125	-
Other payables	7	11	114	-
Total payables		93	239	-
Provisions				
Make good provisions		-	120	-
Employee provisions	8	416	407	-
Total provisions		416	527	-
Total liabilities		509	766	-
Net Assets		635	841	-
EQUITY				
Contributed equity		1,087	1,310	-
Retained deficit		(452)	(469)	-
Total Equity		635	841	-

Budget Variances Commentary

This commentary is based on the original 2016-2017 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.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	RETAINED EARNINGS		BUDGET		CONTRIBUTED EQUITY		BUDGET		TOTAL EQUITY	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance										
Balance carried forward from previous period	(469)	1,570	-	1,310	-	1,310	-	1,310	841	2,880
Adjusted opening balance	(469)	1,570	-	1,310	-	1,310	-	1,310	841	2,880
Comprehensive Income/(Deficit)										
Surplus/(Deficit) for the period	17	(2,039)	-	-	-	-	-	-	17	(2,039)
Total comprehensive income/(deficit)	17	(2,039)	-	-	-	-	-	-	17	(2,039)
Transactions with owners										
Distribution to Owners										
Distribution of equity	-	-	-	-	-	-	-	-	-	(3)
Restructure adjustment	-	-	-	-	(223)	-	-	-	(223)	-
Total transactions with owners	-	-	-	-	(223)	-	-	-	(223)	(3)
Closing balance as at 30 June	(452)	(469)	-	1,310	-	1,310	-	1,310	635	841
Closing balance attributable to the Australian Government	(452)	(469)	-	1,310	-	1,310	-	1,310	635	841

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

Budget Variances Commentary

This commentary is based on the original 2016-2017 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.

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017

	2017	2016	ORIGINAL BUDGET 2017
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	3,563	5,031	3,074
Sales of goods and rendering of services	673	130	78
Net GST received	52	-	15
Total cash received	4,288	5,161	3,167
Cash used			
Employees	2,319	3,067	3,020
Net GST Paid	-	7	-
Suppliers	1,109	2,194	465
Cash transferred to OPA	-	-	3
Other	-	-	57
Total cash used	3,428	5,268	3,545
Net cash from (used by) operating activities	860	(107)	(378)
Net increase (decrease) in cash held	860	(107)	(378)
Cash and cash equivalents at the beginning of the reporting period	271	378	378
Cash and cash equivalents at the end of the reporting period	1,131	271	-

Budget Variances Commentary

This commentary is based on the original 2016-2017 budget in the PBS.

During the 2016-17 year the Authority drew down on its Appropriation Receivable which results in the higher cash balance provided by the operating activities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE DESCRIPTION

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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 2018.

The Authority made a decision to relocate to Canberra from Melbourne on 16 September 2016. As a result of the relocation of the Authority to Canberra, staff relocated with the Authority, transferred to another Commonwealth Agency or elected to take a redundancy package. As a consequence of this all employee provisions are classified as current.

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. Other than as aforementioned, the following estimates and judgements are considered material to the financial statements:

The fair value of leasehold improvements was taken to be the incurred cost of the fit-out to the former Department of Climate Change and Energy Efficiency. This amount was brought to account as an equity contribution in the creation of the Climate Change Authority in 2012-13. The leasehold improvements along with the lease on the property in Melbourne were transferred to the Department of the Environment and Energy in September 2016 through a Restructuring Adjustment in Equity and the make-good provision has been removed in 2017.

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.

1.5 REVENUE

REVENUE FROM GOVERNMENT

Amounts appropriated for 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.

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, the Authority no longer holds any leases.

1.8 FAIR VALUE MEASUREMENT

The Authority deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. No change in valuation technique or transfers between levels occurred during the period. The highest and best use of all non-financial assets is the same as their current value.

1.9 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.

1.10 FINANCIAL LIABILITIES

Financial liabilities are classified as "Other financial liabilities" (refer to Note 12) 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 2017 and 2016 are payable within one year.

1.11 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 11. 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.

1.12 ACQUISITION OF ASSETS

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition unless acquired as a consequence of restructuring of administrative arrangements.

In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.13 PROPERTY, PLANT AND EQUIPMENT

ASSET RECOGNITION THRESHOLD

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

REVALUATIONS

Fair values for each class of asset are determined as shown below:

ASSET CLASS	FAIR VALUE MEASURED AT
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date.

DEPRECIATION

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

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

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

	2017	2016
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3 to 10 years	3 to 10 years

IMPAIRMENT

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Authority were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

DERECOGNITION

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

1.14 INTANGIBLES

The Authority's intangibles comprise commercially purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Authority's software are 5 years (2016: 5 years).

1.15 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

	2017	2016
	\$'000	\$'000
Wages and salaries	1,233	2,381
Superannuation:		
Defined contribution plans	116	207
Defined benefits plans	97	207
Leave and other entitlements	301	470
Voluntary redundancy	566	-
Other expenses	26	-
Total employee benefits	2,339	3,265

NOTE 3B: GOODS AND SERVICES SUPPLIED OR RENDERED

	2017	2016
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	212	426
Contractors	3	76
Audit services (received free of charge)	62	58
Travel	62	151
Administrative services under MoU	197	347
Staffing & recruitment expenses	20	89
Property and related expenses	13	47
Make good allowance	-	120
Subscriptions	23	118
Other	76	115
Total goods and services supplied or rendered	668	1,547
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	159	567
Workers compensation premiums	14	52
Total other suppliers expenses	173	619
Total suppliers	841	2,166
Commitments payable		
Operating lease commitments		
Within one year	-	(711)
Between one year and five years	-	(59)
Total operating lease commitments	-	(770)
Total commitments payable	-	(770)
Net commitments by maturity	-	(770)

The Authority entered into a lease arrangement for office accommodations at 90 Collins St. Melbourne for a period of five years from 15 August 2012. Department of the Environment and Energy took over the Authority's lease from September 2016 when the Authority moved to Canberra.

NOTE 4: RECEIVABLES

	2017	2016
	\$'000	\$'000
Goods and services	-	1
Appropriations receivable for existing programs	-	1,000
GST receivable from the Australian Taxation Office	13	22
Total receivables	13	1,023

The Authority's credit terms **30 days** 30 days

NOTE 5: NON-FINANCIAL ASSETS

RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY,
PLANT AND EQUIPMENT AND INTANGIBLES

	LEASEHOLD IMPROVEMENTS	PROPERTY, PLANT & EQUIPMENT	COMPUTER SOFTWARE PURCHASED	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016	275	4	38	317
Net book value	275	4	38	317
Additions:				
Purchase	-	-	-	-
Depreciation/amortisation expense	(52)	(4)	(22)	(78)
Disposals/Restructure Adjustment	(223)	-	(16)	(239)
Total as at 30 June 2017	(275)	(4)	(38)	(317)

Total as at 30 June 2017 represented by

Gross book value	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-
Total as at 30 June 2017	-	-	-	-

NOTE 6: FAIR VALUE MEASUREMENTS

NOTE 6A: FAIR VALUE MEASUREMENTS, VALUATION TECHNIQUES AND INPUTS USED

	FAIR VALUE MEASUREMENTS AT THE END OF THE REPORTING PERIOD BY HIERARCHY FOR ASSETS AND LIABILITIES IN 2017	
	FAIR VALUE MEASUREMENTS AT THE END OF THE REPORTING PERIOD	
	2017	2016
	\$'000	\$'000
Non-financial assets		
Leasehold improvements	-	275
Total fair value measurement of assets in the statement of financial position	-	275

NOTE 7: OTHER PAYABLES

	2017	2016
	\$'000	\$'000
Salaries and wages	11	10
Redundancy Payment	-	101
Superannuation	-	1
Lease liability	-	2
Total other payables	11	114
Other payables are expected to be settled in no more than 12 months		

NOTE 8: EMPLOYEE PROVISIONS

	2017	2016
	\$'000	\$'000
Leave	416	407
Total employee provisions	416	407

NOTE 9: MANAGING UNCERTAINTIES

The Authority had no quantifiable contingencies at either 30 June 2017 or 2016.

The Authority had no unquantifiable contingencies at 30 June 2017. In the prior year the Authority had one unquantifiable contingent liability in relation to amounts payable for redundancy packages arising from its planned relocation to Canberra in September 2016. These amounts have now been finalised.

NOTE 10: 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.

	2017	2016
	\$'000	\$'000
Short-term employee benefits:		
Salary	308	513
Allowances	6	32
Total short-term employee benefits	314	545
Post-employment benefits		
Superannuation	51	79
Total post-employment benefits	51	79
Other long-term employee benefits:		
Annual leave accrued	25	43
Long service leave accrued	8	20
Total other long-term employee benefits	33	63
Termination benefits	-	136
Total termination benefits	-	136
Total senior executive remuneration expenses	398	823

The total number of KMP that are included in the above table are 1. (2016:2)

The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Minister. Portfolio Minister's remuneration 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 11: CATEGORIES OF FINANCIAL INSTRUMENTS

	2017	2016
	\$'000	\$'000
Financial Assets		
Loans and receivables:		
Cash	1,131	271
Receivables	-	1
Total loans and receivables	1,131	272
Financial liabilities (at amortised cost)		
Payables – suppliers	82	125
Total financial liabilities measured at amortised cost	82	125

NOTE 12: APPROPRIATIONS

NOTE 12A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE) FOR 2017

	2017 APPROPRIATIONS						APPROPRIATION APPLIED IN 2016 (CURRENT AND PRIOR YEARS) \$'000	VARIANCE \$'000	SECTION 51 DETERMINATIONS \$'000
	APPROPRIATION ACT		PGPA ACT		TOTAL APPROPRIATION \$'000	APPROPRIATION \$'000			
	ANNUAL APPROPRIATION REDUCED \$'000	SECTION 74 \$'000	SECTION 75 \$'000	APPROPRIATION \$'000					
Departmental									
Ordinary annual services	2,563	-	661	-	3,224	4,224	(1,000)	-	
Total departmental	2,563	-	661	-	3,224	4,224	(1,000)	-	

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.

The variance represents the drawdown of the prior year unspent appropriation.

NOTE 12A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE) FOR 2016

	2016 APPROPRIATIONS							APPROPRIATION APPLIED IN 2016 (CURRENT AND PRIOR YEARS) \$'000	VARIANCE \$'000	SECTION 51 DETERMINATIONS \$'000
	APPROPRIATION ACT		PGPA ACT		TOTAL APPROPRIATION	APPROPRIATION	\$'000			
	ANNUAL APPROPRIATION REDUCED	SECTION 74	SECTION 75	APPROPRIATION						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Departmental										
Ordinary annual services	3,561	-	-	-	3,561	-	5,031	(1,470)	-	
Total departmental	3,561	-	-	-	3,561	-	5,031	(1,470)	-	

There were no amounts quarantined or Section 51 adjustments in the current financial year.

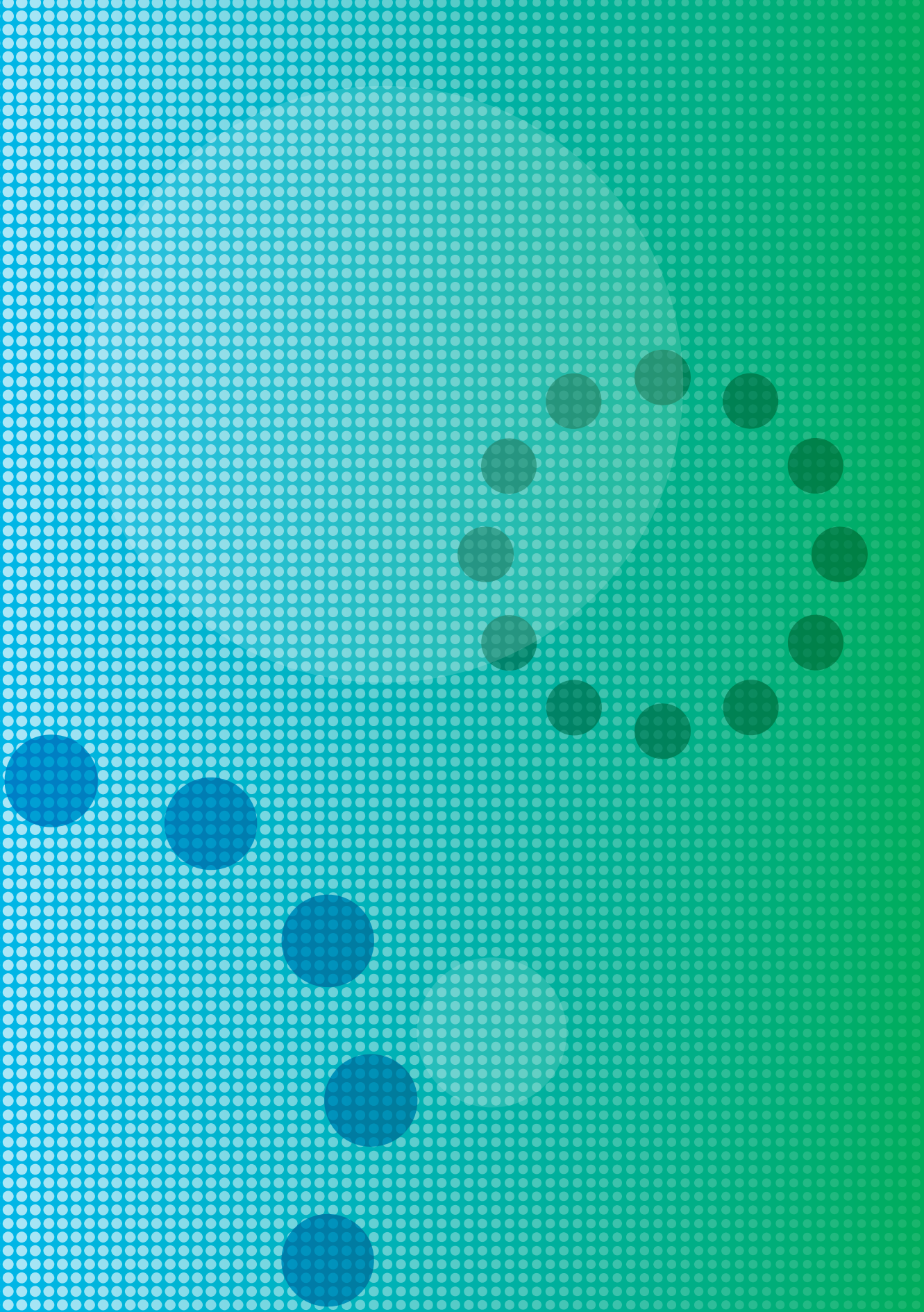
There were no departmental capital budget amounts in current financial year.

The variance represents the drawdown of the prior year unspent appropriation.

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**NOTE 12B: UNSPENT DEPARTMENTAL ANNUAL APPROPRIATIONS
(RECOVERABLE GST EXCLUSIVE)**

	2017	2016
	\$'000	\$'000
Appropriation Act (No.1) 2015-16	-	1,000
Supply Act (No.1) 2016-17	-	-
Appropriation Act (No.1) 2016-17	-	-
Total departmental appropriation as at 30 June	-	1,000



APPENDIX B

LIST OF REQUIREMENTS

B

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
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	1
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	2-3
17AJ(b)		Alphabetical index.	Mandatory	69-73
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	65-66
17AJ(d)		List of requirements.	Mandatory	59-63
17AJ(e)		Details of contact officer.	Mandatory	INSIDE COVER
17AJ(f)		Entity's website address.	Mandatory	INSIDE COVER
17AJ(g)		Electronic address of report.	Mandatory	INSIDE COVER
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	10-11
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	13-14
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	13-14
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	14-15
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	17
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	N/A
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	17

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
17AD(c)	Report on the Performance of the entity			
Annual performance Statements				
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	17-23
17AD(c)(ii)	Report on Financial Performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	19-23
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	28
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.	N/A
17AD(d)	Management and Accountability			
Corporate Governance				
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	26
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	26
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	26
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	26
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	25-28
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	N/A
External Scrutiny				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	27
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	27
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	27
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	27

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Management of Human Resources				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives. ^{XX}	Mandatory	30
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • 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	30-31
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	32
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	31
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	31-32
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	45-46
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	31
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	N/A
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	N/A
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	N/A
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	26
Purchasing				
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	29

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
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	29
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	29
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	29
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	29
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	N/A
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	N/A
Small business				
17AG(10)(a)		A statement that <i>"[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."</i>	Mandatory	29
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	29
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[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."</i>	If applicable, Mandatory	N/A

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Financial Statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	36-57
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	N/A
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	30
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	N/A
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	33
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	27
17AH(1)(e)		Correction of material errors in previous annual report	If applicable, mandatory	N/A
17AH(2)		Information required by other legislation	Mandatory	N/A



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 for the Environment and Energy 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 for the Environment and Energy 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.
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.

TERM	MEANING
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

ABBREVIATION	
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
MoU	Memorandum of Understanding
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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