



Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY ANNUAL REPORT 2013-14



ABOUT THIS REPORT

The Climate Change Authority Annual report 2013-14 has been prepared in accordance with the *Requirements for Annual Reports*, approved by the Joint Committee of Public Accounts and Audit on 29 May 2014.

The report is available in print from 13 libraries around Australia and online at www.climatechangeauthority.gov.au.

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Australian Government
Climate Change Authority

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

30 September 2014

Dear Minister

I am pleased to provide you with the Climate Change Authority's annual report for the financial year 2013-14.

The report has been prepared in accordance with section 56 of the *Climate Change Authority Act 2011*, sections 63 and 70 of the *Public Service Act 1999* and section 5 of the *Financial Management and Accountability Act 1997*. I certify that all of the requirements have been met.

I certify that the Climate Change Authority has prepared fraud risk assessments and fraud control plans; has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the agency; and has complied with the requirements of the Commonwealth Fraud Control Guidelines.

Yours sincerely

A handwritten signature in black ink that reads 'Anthea Harris'.

Anthea Harris
Chief Executive Officer

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MESSAGE FROM THE CHAIR

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Climate change poses major challenges for all of us. How these challenges are met will bear heavily on the well-being of current and future generations.

Regrettably, there is presently little political consensus on climate change policy in Australia. This is strangling efforts to implement effective, but sometimes difficult to “sell”, policies. It also puts a premium on independent, balanced and transparent advice from bodies like the Authority which are charged with promoting the long-term interests of the whole community, not short-term political or sectional interests.

The past year has been rather difficult for the Authority, given the oft-repeated declarations of the Government’s policy to abolish the Authority. At this time Parliament is still considering the Authority’s fate but the organisation has already suffered serious damage; four of the Authority’s nine members have resigned and the very talented secretariat assembled in its early days has declined by around two-thirds, to a dozen people in total.

The Authority’s major contribution to the policy debate in 2013–14 was its report *Reducing Australia’s Greenhouse Gas Emissions—Targets and Progress Review*, required under the *Clean Energy Act 2011* (now repealed). The purpose of this review was to recommend emissions reduction goals for Australia and report on progress towards meeting them.

In short, and driven primarily by the science of climate change and what other comparable countries were doing, the Authority concluded that Australia should do more than its current minimum commitment of a 5 per cent reduction

in emissions by 2020, compared with 2000 levels. It recommended that Australia should target a minimum reduction of 15 per cent by 2020, and argued that further large reductions would be required in subsequent decades if Australia was to play its part in avoiding dangerous increases in global temperatures.

The Authority pointed out that the achievement of the tougher emissions reduction target recommended for 2020 would require significant purchases of international emission reductions, which were presently available at historically low prices.

The Government's obligation to formally respond to the recommendations in the Authority's report lapsed with the repeal of the *Clean Energy Act 2011*.

The Authority also released four additional papers:

- *Coverage, Additionality and Baselines—Lessons from the Carbon Farming Initiative and Other Schemes* investigated the experiences of Australian and international baseline and credit schemes, and highlighted key lessons for the development of the government's Emissions Reduction Fund (ERF).
- *Light Vehicle Emissions Standards for Australia* built on analysis contained in the Targets and Progress Review, and proposed the near-term introduction of standards for light vehicles that are broadly consistent with those in the United States. These standards are estimated to contribute considerable fuel savings for motorists and provide cost-effective avenues for reducing greenhouse gas emissions.
- *International Climate Action—Priorities for the Next Agreement* considered the key issues that should be contained in any new international agreement to apply beyond 2020. As a major per capita emitter and a significant player in past climate change negotiations, Australia will be expected to be prominent in the up-coming processes.
- *Using International Units to Help Meet Australia's Emissions Reduction Targets* argued that international trade in emissions reductions has a legitimate place in reducing greenhouse gas emissions, and can be seen as an environmentally sound and cost-effective complement to domestic emissions reductions for Australia.

In all its activities, the Authority has consulted widely with the public, meeting with many industry groups, government entities, community bodies and others. All of these groups have provided essential inputs to the Authority's work and I thank them for their participation and contributions.

I would also like to thank all members of the Board and Secretariat of the Authority (including those who, for understandable reasons, have moved on) for their sustained efforts to provide expert and balanced advice on often complex, but always important, issues. The great pity is that this valuable resource is in danger of being blown asunder, while the challenges continue to mount.



Bernie Fraser

Chair



Authority Members (L-R): Mr John Marlay, Ms Elana Rubin, Prof. Ian Chubb, Mr Bernie Fraser, Prof. David Karoly, Ms Heather Ridout, Dr Lynne Williams, Prof. Clive Hamilton
(Absent: Prof. John Quiggin)

1.1 MEMBERS OF THE CLIMATE CHANGE AUTHORITY

CHAIR: MR BERNIE FRASER

On 10 July 2011, the Prime Minister announced that Mr Bernie Fraser was to be the first Chair of the Authority. Mr Fraser has decades of experience in public economic policy and business, having served as Governor of the Reserve Bank of Australia (RBA) from 1989 to 1996 and Secretary of the Treasury from 1984 to 1989. Mr Fraser was a director of two of Australia's largest superannuation funds, AustralianSuper and Cbus, for 15 years before retiring recently. He has been Chair of ME Bank since its inception.

EX OFFICIO MEMBER AND CHIEF SCIENTIST: PROFESSOR IAN CHUBB AC

The *Climate Change Authority Act 2011* appoints the Chief Scientist as an ex officio member of the Authority. The current Chief Scientist, Professor Ian Chubb AC, began his four-year term on 23 May 2011. Professor Chubb has had a distinguished career in higher education and research, retiring after a decade as vice-chancellor of the Australian National University (ANU). He later took on leadership roles in university administration and sector advocacy bodies. A neuroscientist by training, he has co-authored some 70 full papers and co-edited one book—all related to his research. Professor Chubb has previously been named the Australian Capital Territory's nominee for Australian of the Year for his contribution to higher education.

PROFESSOR CLIVE HAMILTON

Professor Hamilton holds the Vice-Chancellor's Chair and is Professor of Public Ethics at the Centre for Applied Philosophy and Public Ethics, Charles Sturt University. He holds an arts degree from 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. For 14 years, he was the Executive Director of The Australia Institute, a progressive think tank. Before establishing The Australia Institute, Professor Hamilton taught in the Graduate Program in the Economics of Development at ANU. He then joined the Australian Public Service, first with the Bureau of Industry Economics and subsequently 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 Sydney, ANU, the University of Cambridge and the University of Oxford. He is a member of the Royal Society's Solar Radiation Management Governance Initiative.

PROFESSOR DAVID KAROLY

Professor Karoly is Professor of Atmospheric Science in the University of Melbourne's School of Earth Sciences. His research expertise is in climate variability and climate change, including greenhouse climate change, stratospheric ozone depletion and interannual 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 is also a member of the Wentworth Group of Concerned Scientists and the Australian Academy of Sciences' National Committee on Earth System Science.

MR JOHN MARLAY

Mr Marlay is a non-executive director of Incitec Pivot Limited, Boral Limited and Cardno Limited, as well as the independent Chairman of Flinders Ports Holdings Pty Ltd. Mr Marlay was Chief Executive Officer and Managing Director of Alumina Limited from December 2002 until his retirement from this position in 2008. Previously, he held senior executive positions and directorships with Esso Australia Limited, James Hardie Industries Limited, Pioneer International Group Holdings and Hanson plc. Mr Marlay has a Bachelor of Science from the University of Queensland and a Graduate Diploma from the Australian Institute of Company Directors, where he is also a Fellow. Mr Marlay resigned as an Authority member on 30 June 2014.

PROFESSOR JOHN QUIGGIN

Professor Quiggin is an Australian Laureate Fellow at the University of Queensland. He has bachelor degrees in Arts and Economics and a Masters of Economics, and was awarded his PhD from the University of New England in 1988. He has held academic positions at 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. 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. He 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.

MS HEATHER RIDOUT

Ms Ridout is an Employer Director appointed by the Ai Group. She joined the Australian Super Board in 2007 and was appointed Chair in 2013. She is a company director and Reserve Bank Board member with a long history as a leading figure in the public policy debate in Australia.

Ms Ridout is also a Director of Sims Metal Management (the world's largest publicly listed recycling company), ASX Ltd and Image Networks Holdings Pty Ltd. Her other appointments include Member of the boards of the Australian Chamber Orchestra, Asialink, Advance Australia Advisory Board and L.E.K. Consulting Advisory Board.

She is also co-Chair of the Australia-Canada Economic Leadership Dialogue and a delegate to the B20, which is the key business advisory body to the international economic forum and includes business leaders from all G20 economies.

Until 30 April 2012, Ms Ridout was Chief Executive of the Australian Industry Group—a major national employer organisation representing a cross-section of industry including manufacturing, construction, defence, ICT and labour hire.

Ms Ridout was recently made an Officer (AO) in the general division of the Order of Australia, for distinguished service to business and industry through significant contributions to the development of economic and public policy.

Ms Ridout resigned as an Authority member on 1 September 2014.

MS ELANA RUBIN

Ms Rubin is a Director of Mirvac Group, MLC and PPB Advisory, and Member of the Infrastructure Australia Council and Qualitas Advisory Board. She is also a Director of SecondBite, a not-for-profit organisation providing excess fresh food to homeless and other agencies. In 2013, Ms Rubin retired as Chair of AustralianSuper and Director of TAL. Recent prior non-executive directorships include Chair of the Victorian WorkCover Authority and Director of the Transport Accident Commission (Victoria). Her previous executive role was Executive Director—Investments of the Australian Retirement Fund.

Ms Rubin holds a Bachelor of Arts (Hons) and a Master of Arts from the University of Melbourne, as well as a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. Ms Rubin resigned as an Authority member on 18 March 2014.

DR LYNNE WILLIAMS

Dr Williams has worked as an economist in the public sector for over 30 years and is now an economic consultant and board member, having left full-time employment in May 2011. She was Under-Secretary for the Victorian Department of Treasury and Finance, as well as Deputy Secretary, Economic and Financial Policy. Dr Williams has held senior state and federal government positions, including at the departments of Premier and Cabinet, and Industry (Victoria); and the Productivity Commission, Bureau of Labour Market Research and Bureau of Immigration, Multicultural and Population Research (federal).

Dr Williams holds a Master of Arts from the University of Melbourne and a Master of Science (Econometrics and Mathematical Economics) from the London School of Economics. She completed a PhD at Monash University. She is a Commissioner on the Essential Services Commission of South Australia and the Victorian Building Authority, and a Member of the Victorian Legal Services Board.

Dr Williams is Chair of the Victorian Government Purchasing Board, a Member of the boards of the University of Melbourne's Faculty of Business and Economics and of Melbourne University Sport, a Fellow of the Institute of Public Administration Australia and of St Hilda's College, and Vice President of Athletics International (Australia). Dr Williams resigned as an Authority member on 9 April 2014.

CHIEF EXECUTIVE OFFICER'S REVIEW

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I am pleased to present the Climate Change Authority's second annual report, for the financial year 2013-14.

In only its second year of operation, the Authority has had a highly productive year, despite challenging circumstances. It has worked hard to ensure it meets its legislative obligations and to make a constructive contribution to an important area of policy. The Authority has produced a number of publications that aim to provide robust, balanced and practical advice on Australia's emissions reduction goals and how to achieve them.

This year has been particularly difficult, given the government's stated policy has been to abolish the Authority. The Authority has therefore had to plan for its wind-up, while still fulfilling its statutory responsibilities. The size of the Secretariat has diminished sharply over the year, from a peak of 36 to 20 at the end of 2013-14. While the Authority actively encouraged and facilitated staff transfer, the reduction in staffing levels was achieved in the absence of formal redundancy processes.

The Authority's work program in 2013-14 was shaped by its statutory responsibilities, as well as what appeared to be its likely abolition early in 2014-15. The Authority fulfilled its statutory responsibilities to conduct a review of emissions reduction goals as well as assessing progress towards those goals in its Targets and Progress Review, which was completed in February 2014. From that time onwards, staff numbers declined rapidly. Nonetheless, the Authority conducted four additional research projects, using its power to conduct independent research under section 11 of the *Climate Change Authority Act 2011*. These research papers were designed to make a constructive contribution to the complex policy area of climate change.

It has been a real pleasure working with the Chair and Authority Members over the past year, and I thank them for their continued commitment to the Authority's work, their considered guidance, and their good humour and support.

I also would like to thank the Authority's staff, both past and present, for their professionalism, dedication, skill and positive outlook in what has been a challenging 12 months for the organisation.

At present, the future of the Authority remains unclear and is ultimately a matter for parliament to decide. Regardless of the outcome, I am very proud of the work that the Authority has completed in its first two years of operation. I am confident that the reports and papers produced will continue to make a valuable contribution to the climate change debate for years to come.



Anthea Harris

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* (Cth) 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, including Australia's emissions reduction goals.

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

- section 289 of the *Clean Energy Act 2011* (Cth) (since repealed), relating to reviewing the level of carbon pollution caps, and any indicative national emissions trajectory and national carbon budget
- section 291 of the *Clean Energy Act 2011* (Cth) (since repealed), relating to Australia's progress in achieving its medium- and long-term targets for the reduction of greenhouse gas emissions and any national carbon budget
- the operation of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth), relating to projects to remove carbon dioxide from the atmosphere and projects to avoid emissions of greenhouse gases
- sections 76A and 76B of the *National Greenhouse and Energy Reporting Act 2007* (Cth), relating to greenhouse gas and energy reporting
- the Renewable Energy Target, under section 162 of the *Renewable Energy (Electricity) Act 2000* (Cth).

Under Part 3 of the *Climate Change Authority Act 2011* (Cth), the minister or both Houses of Parliament may request the Authority to conduct special reviews.

In addition to the functions listed above, the Authority has a broad remit to conduct research about matters relating to climate change (under section 11 of the *Climate Change Authority Act 2011* (Cth)).

The Authority reports to the Australian Parliament through the Minister for the Environment.

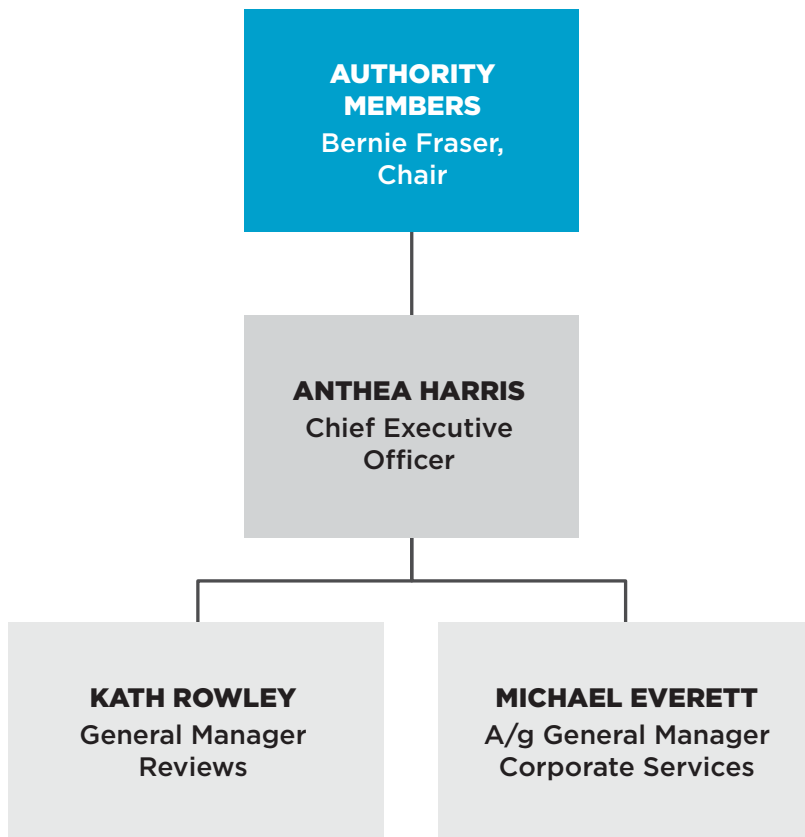
3.2 ORGANISATIONAL STRUCTURE

The Authority’s organisational structure is outlined in Figure 1. The 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 under section 18 of the *Climate Change Authority Act 2011* (Cth). For the majority of 2013–14, the Authority had a Chair plus eight Members; however, at 30 June 2014 three Members had resigned, leaving two positions unfilled.

Authority Members are supported by the Chief Executive Officer (CEO) and Authority staff. The CEO is responsible for the day-to-day administration of the Authority.

The Authority has established structures, systems and processes in place to ensure that its governance, compliance and accountability responsibilities are met (see Chapter 5).

FIGURE 1: CLIMATE CHANGE AUTHORITY ORGANISATION CHART AS AT 30 JUNE 2014



3.3 OUTCOME AND PROGRAM STRUCTURE

The Australian Government requires agencies to measure their performance in terms of outcomes. The outcome expected from the Authority's work in 2013-14 is set out in Box 1.

BOX 1: OUTCOMES AND PERFORMANCE INFORMATION

Outcome description

Provide expert advice to the Australian Government on climate change mitigation initiatives, including the level of carbon pollution caps, the carbon price mechanism, the Renewable Energy Target and progress in achieving Australia's emissions reduction targets, through conducting periodic reviews and undertaking climate change research.

Outcome strategy

The Climate Change Authority will deliver influential, independent, expert advice by:

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

In performing its work, the Authority will be guided by the following principles: economic efficiency; environmental effectiveness; equity; public interest; accounting for the impact on households, business, workers and communities; supporting the development of an effective global response to climate change; and consistency with Australia's foreign policy and trade objectives.

The program attached to this outcome was Program 1.1: Reviewing Climate Change Mitigation Policies. Performance against this program is assessed in Chapter 4.



4

PERFORMANCE

Chapter 4 describes the Climate Change Authority's performance in achieving the deliverables against the key performance indicators for Program 1.1: Reviewing Climate Change Mitigation Policies, as published in the Climate Change Authority Budget Statement for 2013-14.

BOX 2: PROGRAM 1.1 REVIEWING CLIMATE CHANGE MITIGATION POLICIES

Program objective: The Authority's primary objective is to provide expert independent advice on the government's climate change mitigation initiatives.

Deliverables

- Complete first review of progress towards Australia's national emissions reduction targets.
- Complete caps and targets review, which will recommend pollution caps for 2015-16 to 2019-20, a national trajectory and a carbon budget.
- Complete other reviews as requested by the minister or parliament.

Key performance indicators

- The quality of reviews, including their reception by stakeholders and use in public policy forums and discussions.
- The delivery of reviews within legislated time frames.
- The transparency and accessibility of the public consultation processes for reviews, including that they are highly regarded by stakeholders.
- The independence of the Authority's decision-making in conducting and completing reviews, including the perception of independence by stakeholders.

4.1 TARGETS AND PROGRESS REVIEW

4.1.1 LEGISLATIVE REQUIREMENTS OF THE TARGETS AND PROGRESS REVIEW

The Targets and Progress Review covers two legislative requirements under the *Clean Energy Act 2011*, which require the Authority to:

- make recommendations about Australia's emissions reduction goals, including specifically an indicative national emissions trajectory, and national carbon budget and carbon pollution caps (section 289); and
- report on Australia's progress in achieving its medium and long-term emissions reduction targets, as well as progress to meeting a national emissions budget (section 291).

The Authority was required to have regard to a number of matters in conducting these reviews, which are set out under section 289.

4.1.2 CONDUCT OF THE REVIEW

The Authority has a legislative requirement to undertake public consultation as part of its reviews (section 289 of the *Clean Energy Act 2011*). The Authority consulted with a wide range of stakeholders throughout the course of the review. This included electricity retailers, industry associations, academics and non-government organisations. As part of the review, the Authority also collaborated with other government departments including Treasury and the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education on the modelling undertaken.

In April 2013, the Authority released an issues paper as part of the consultation process. Feedback from stakeholders was sought on specific issues, and the Authority received about 70 submissions from individuals and organisations.

In October 2013, the Authority released a draft report. As part of this release, and to promote transparency and public scrutiny, its modelling was made publicly available on its website. Over 130 stakeholder submissions were received from individuals and organisations. In response to a GetUp! Campaign, the Authority also received a further 12,000 public submissions to the report. The Authority convened four stakeholder roundtables: two in Melbourne and one each in Sydney and Canberra. A public webinar was held on 13 November 2013.

4.1.3 KEY FINDINGS PRESENTED TO GOVERNMENT

The Authority provided the *Reducing Australia's Greenhouse Gas Emissions—Targets and Progress Review, Final Report* to the Minister for the Environment on 27 February 2014. It recommended a coordinated set of goals for Australia:

- 2020 goals, providing a clear course for short-term action:
 - a minimum 2020 target of 15 per cent below 2000 levels
 - using Australia's carryover under the Kyoto Protocol to raise the 2020 target by 4 percentage points, giving an effective target of 19 per cent
 - an indicative trajectory consistent with 19 per cent and an emissions budget of 4,193 Mt CO₂-e for the period 2013–20.
- Beyond 2020, guidance for longer term planning and investment, subject to periodic review in light of new information:
 - a trajectory range for emissions reductions of between 40 and 60 per cent below 2000 levels by 2030
 - a national emissions budget for 2013–50 of 10,100 Mt CO₂-e, based on what might be considered Australia's fair share of a global emissions budget.
- Recommended caps for each of the first five years of the flexible-price period under the carbon pricing mechanism that are consistent with its 2020 target recommendations:

YEAR	CAP (MT CO ₂ -E)
2015-16	234
2016-17	228
2017-18	222
2018-19	215
2019-20	209

The Minister tabled the Authority's report in the House of Representatives on 13 May 2014.

The *Targets and Progress Review Final Report* received widespread coverage in the print and online media. Authority Chair Bernie Fraser held a press conference at Parliament House on 27 February 2014 and addressed the National Press Club on 13 March 2014. Authority CEO Anthea Harris hosted a webinar highlighting the report's key findings in late March. There were also numerous conference presentations and government and non-government briefings on the report.

The government was due to respond to the report by the end of August 2014; however, since the repeal of the *Clean Energy Act 2011*, this obligation has been removed.

4.1.4 PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

Following is an assessment of the Climate Change Authority's performance in conducting the Targets and Progress Review against the key performance indicators from the Industry, Innovation, Climate Change, Science, Research and Tertiary Education Portfolio Budget Statements 2013-14.

1. *The quality of reviews, including their reception by stakeholders and use in public policy forums and discussions.*
 - In conducting the Targets and Progress Review, the Authority undertook rigorous research and analysis, including commissioning economic modelling from The Treasury and conducting extensive stakeholder consultation, to ensure it developed well-informed and evidence-based recommendations.
 - The Authority's recommendations have been widely acknowledged and understood by stakeholders. The recommendations have received extensive media coverage, and are quoted in media articles and discussions about Australia's emissions reductions target scheme.
2. *The delivery of reviews within legislated time frames.*
 - The Authority delivered the *Targets and Progress Review Final Report* to the Minister for the Environment on 27 February 2014, which was within the legislated time frame of 28 February 2014.
3. *The transparency and accessibility of the public consultation processes for reviews, including that they are highly regarded by stakeholders.*
 - The Authority conducted extensive public consultation during the course of the review. An issues paper and a discussion paper were both released, which called for submissions from the public. The Authority also held a number of roundtable consultation events and one-on-one meetings with stakeholders. The Authority considered the number of submissions, 70 for the issues paper and over 130 for the draft report, to be a validation of the transparency and accessibility of the process. The Authority also received over 12,000 online submissions as part of an online campaign started by GetUp! The feedback on the consultation process, which included targeted stakeholder meetings, roundtable discussions and presentations, was positive.

4. *The independence of the Authority's decision-making in conducting and completing reviews, including the perception of independence by stakeholders.*

- In conducting the Targets and Progress Review, the Authority acted independently, ensuring its final recommendations were supported by extensive and rigorous research and analysis. The transparency of the review process, through regular public consultations and engagement, further illustrated the Authority's independent conduct.

4.2 OTHER REVIEWS AS REQUESTED BY THE MINISTER OR PARLIAMENT

Under section 59 of the *Climate Change Authority Act 2011* (Cth), the Minister for the Environment or the parliament may request reviews of matters relating to climate change.

The Authority did not receive any requests from the minister or parliament in 2013–14.

4.3 RESEARCH ABOUT MATTERS RELATING TO CLIMATE CHANGE

Under section 11 of the *Climate Change Authority Act 2011* (Cth), one of the Authority's principal functions is to conduct research about matters relating to climate change.

As part of its work program following the release of the *Targets and Progress Review Final Report*, the Authority commenced work on three separate papers, each dedicated to researching climate change mitigation efforts.

4.3.1 CARBON FARMING INITIATIVE (CFI) STUDY

The Authority released a paper investigating the experiences of Australian and international baseline and credit schemes, and highlighting key lessons for the development of the government's ERF. Significant findings included that broad coverage provides access to the widest range of low-cost opportunities, but in

practice most emissions reductions are likely to rise from the energy and industrial sectors. Baseline and credit schemes do not suit all emissions reduction opportunities. Additionality tests are important, while baseline-setting will be one of the major administrative and costly elements of the ERF.

4.3.2 INTERNATIONAL CLIMATE ACTION

The Authority considers that strong international action to reduce emissions is in every country's interest, including Australia's. The international community is in the process of negotiating a post-2020 framework for global climate action. This includes negotiations in Paris in 2015. *International Climate Action—Priorities for the Next Agreement* explored those elements of a post-2020 framework that help reduce emissions and accelerate efforts to avoid warming of more than 2 degrees celsius (above pre-industrial levels).

Key conclusions of this research included the importance of:

- maintaining the collective 2-degrees goal
- setting emissions reductions targets
- tracking emissions and progress
- establishing international emissions markets
- assessing collective and individual action
- encouraging countries to review and ratchet-up efforts over time
- finalising the legal form of any post-2020 agreement.

Australia has a strong interest in a successful outcome to the current negotiations. It could set targets to make a transparent and fair contribution to the collective goal.

As part of its research, the Authority consulted with a broad range of domestic and international stakeholders, including government agencies, academics, business and non-government organisations. The paper was presented to the Minister for the Environment on 22 June 2014 and published on the Authority's website on 23 June 2014. The Authority was invited to present its work at a number of events and

this paper has generally been well received as a positive contribution to the international discussion.

4.3.3 LIGHT VEHICLE EMISSIONS STANDARDS

In investigating opportunities to reduce Australia's emissions and help achieve its emissions reductions goals, the Targets and Progress Review noted that the transport sector is a significant and growing source of emissions. It accounts for 16 per cent of Australia's emissions; light vehicles alone account for 10 per cent.

One of the Targets and Progress Review's recommendations was that the government investigate the near-term introduction of fleet-average CO₂ emissions standards for light vehicles in Australia as a way to secure significant emissions reductions and related co-benefits. *Light Vehicle Emissions Standards for Australia* provided further analysis of this policy, demonstrating that standards are a cost-effective way to reduce Australia's greenhouse gas emissions and light vehicle fuel use. The paper notes that standards should be designed to maximise benefits and minimise costs; and, if introduced soon, could improve the efficiency of almost half of the Australian fleet by 2025.

The Authority consulted with a range of stakeholders, including automotive industry groups, motoring associations and relevant government agencies—such as the National Transport Commission and the National Roads and Motorists Association. It presented the paper to the Minister for the Environment on 26 June 2014, and it was published on the Authority's website on the same date. ClimateWorks Australia hosted an event for the paper's publication showcasing the Authority's key findings.

4.3.4 USING INTERNATIONAL UNITS TO HELP MEET AUSTRALIA'S TARGETS

In its Targets and Progress Review, the Authority recommended that Australia should aim to reduce its emissions in 2020 by more than the current minimum target of 5 per cent compared with 2000 levels. It also recommended that international units should be used to complement domestic measures to achieve whatever 2020 target Australia settles on.

Using International Units to Help Meet Australia's Emissions Reduction Targets builds on this previous work. The paper provides detailed information on the practicalities of using international units and examines a range of different types of units available in the market that could meet Australia's needs at very low prices. Using international units would be relatively straightforward to implement and not very resource-intensive. The Authority argues that international trade in emissions reductions has a legitimate place in reducing greenhouse gas emissions, and can be seen as an environmentally sound and cost-effective complement to domestic emissions reductions for Australia.

The Authority consulted with a wide range of stakeholders, including foreign governments, brokers and markets analysts, and relevant government agencies during the course of its research. It published the paper on its website on 7 July 2014.

5

MANAGEMENT AND ACCOUNTABILITY

5.1 CORPORATE GOVERNANCE

The Climate Change Authority is an independent statutory authority comprising a Chair and eight board members (three positions vacant at 30 June). It is supported by a small Secretariat.

The Authority was established as a body corporate to highlight the independence of its activities, although it is able to use government resources as appropriate. 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. The CEO is supported by two General Managers, and this group comprises the Authority's executive management team.

The Authority is bound by the *Financial Management and Accountability Act 1997* and the *Public Service Act 1999*.

The Authority was required to present its first corporate plan within 12 months of its commencement; this was published in June 2013 for the period 2013-15.

This document, along with the governance, direction and compliance requirements of the *Financial Management and Accountability Act 1997* and the *Public Service Act 1999* provides the Authority with a strong corporate governance environment.

5.1.1 RISK MANAGEMENT

The Authority defines a risk as the chance of something happening that would affect the organisation's ability to meet its objectives. In 2013-14, the Authority consolidated the foundation work that was undertaken in 2012-13.

A major focus for the 2013-14 year was to ensure that risk management was maintained as an organisation-wide priority. To this end, risk management was made a standing agenda item for all meetings of the Authority.

The Strategic Risk Profile was reviewed in a senior management workshop in November 2013. The review included reassessing all existing risks and identifying new and emerging risks for consideration.

The results were presented to the Audit Committee and Board, which resulted in further refinement of the risks and ratings.

The Chief Financial Officer is responsible for maintaining the Strategic Risk Profile. Individual risk action plans are maintained that identify the current risk profile,

current controls and agreed management actions. The Strategic Risk Profile and risk action plans are updated and reported to the Executive Management Team and Audit Committee on a regular basis.

5.1.2 FRAUD CONTROL

In 2013-14, the Authority approved a new Fraud Control Plan. The plan was developed to specifically comply with the requirements of the *Commonwealth Government Fraud Control Guidelines*. 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 matters were required to be reported to the CEO and Audit Committee.

As part of its ongoing fraud risk assessment activities, the Authority conducted a review of its financial internal controls to ensure separation of duties and approvals. The Authority has a small corporate team and both an external audit and the Audit Committee had identified maintaining appropriate separation of tasks as a potential fraud risk. A change in structure that resulted in an increased concentration of tasks had the potential to heighten this risk. The review resulted in the Authority re-mapping its 'purchase-to-pay' processes to ensure that the proposal and approval processes were handled separately on all occasions and that the fraud risk was minimised.

There were no incidents of suspected or actual fraud in the 2013-14 period.

5.1.3 ASSETS AND ASSET MANAGEMENT

In 2013-14, the Authority managed its assets in accordance with the Chief Executive Instructions and relevant accounting standards. All of the Authority's 'start-up' assets were procured by the then Department of Climate Change and Energy Efficiency (DCCEE). On establishment of the Authority, these assets were transferred to the Authority and represented as an equity injection in the 2012-13 annual financial statements.

The assets transferred included the desktops, office equipment, furniture and fittings.

The Authority made no asset purchases or disposals in 2013-14.

The Authority undertook a full stocktake of its assets in June 2014, the results of which are represented in the Authority's 2013-14 annual financial statements at **Appendix A**.

5.1.4 SHARED SERVICES

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

As a result of machinery-of-government changes in 2013-14, the Authority has updated its arrangements for the provision of these services and currently maintains three separate Memoranda of Understanding (MoUs).

The Authority has a MoU with the Department of Industry for the provision of finance, payroll, and human resources systems and support. This was maintained from the time that the Authority was part of the Industry portfolio and has given the Authority continuity without needing to change its core finance and payroll systems.

The Authority has a second MoU with the Department of the Environment for the remaining corporate services support, including legal, freedom of information, media and travel services.

The Authority has a third corporate service MoU with the Department of Prime Minister and Cabinet for its information technology systems and support.

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 management and ensures the Authority has a strong compliance framework.

The Audit Committee met on three occasions during the year—3 September 2013, 17 February 2014 and 18 June 2014.

For the first two meetings the membership was:

- Ms Elana Rubin (Chair)
- Dr Helen Mignot (Deputy Chair)
- Mr Chris Pattas
- Mr Brett Hinkly (internal member).

As a result of the resignations of Ms Rubin and Mr Hinkly, and new appointments approved by the CEO, the membership for the 18 June 2014 meeting was:

- Dr Helen Mignot (Chair)
- Mr Chris Pattas
- Ms Vicki Middleton
- Mr John Blanch (internal member).

In 2013-14, the major business of the committee included reviewing and/or approving the:

- annual financial statements 2012-13
- Fraud Control Plan
- Strategic Risk Profile
- Financial Health and Resource Check internal audit
- Fraud Risk Assessment internal audit
- Governance Compliance Checklist
- Certificate of Compliance
- Protective Security Policy Framework
- Abolition Transition Plan
- transition audit.

The Authority's internal audit services are provided by KPMG.

5.1.6 EXTERNAL SCRUTINY

During 2013-14:

- No judicial or administrative tribunal decisions relating to the Climate Change 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 Estimates.
- The Chair and CEO appeared at the Senate Committee on Environment and Legislation's inquiry into the government's proposed Direct Action Plan. The Authority spoke about its work on the Targets and Progress Review. The inquiry received a number of submissions in support of the Authority's work and against the Authority's proposed abolition.

ETHICAL STANDARDS

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

Values and behaviours are a key element of the Authority's first corporate plan and the Authority's values and behaviours align to the new Australian Public Service (APS) Values and Code of Conduct.

During 2013-14, the Authority adopted a range of measures to promote ethical standards and all employees were provided with a copy of the new 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.

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 Australian Government organisations to detail their environmental performance and contribution to ecologically sustainable development in their annual reports.

In 2013-14, the Authority implemented a range of measures contributing to ecologically sustainable measures including:

- purchasing 100 per cent Green Power
- providing downloadable publications on the Authority's website to reduce the need to print and distribute hard-copy material
- purchasing paper with a minimum 50 per cent recycled content
- applying sustainable practices in the office aimed at reducing energy and resource consumption including:
 - mandating default two-sided printing
 - ensuring equipment such as desktop computers, photocopiers, dishwashers and printers incorporate energy efficiency features
 - recycling paper, cardboard, printer cartridges and organic waste.

5.2 FINANCIAL OVERVIEW

5.2.1 FINANCIAL PERFORMANCE

The Authority met all of its financial obligations in 2013-14.

5.2.2 RESOURCE STATEMENT 2013-14

AGENCY RESOURCE STATEMENT 2013-14			
	Actual available appropriation 2013-14	Payments made 2013-14	Balance remaining
	\$'000	\$'000	\$'000
Ordinary annual services			
Departmental appropriation 2012-13 ¹	931		931
Carry forward 2012-13	931	0	931
Departmental appropriation 2013-14 ¹	8,707	6,237	2,470
S.31 relevant agency receipts ²	348	348	0
Total ordinary annual services	9,055	6,585	2,470
TOTAL RESOURCING AND PAYMENTS	9,986	6,585	3,401

¹Appropriation Bill (No. 1) 2012-13 and Appropriation Bill (No. 1) 2013-14.

²Receipts received under s. 31 of the *Financial Management and Accountability Act 1997*. Remaining balance will be applied to meeting the future settlement of current period expenses and provisions.

5.2.3 PURCHASING

In 2013-14, the Authority sourced all goods and services in accordance with the principles set out in the *Commonwealth Procurement Guidelines 2012*.

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 2013-14 were listed on AusTender.

5.2.4 CONSULTANCIES

The Authority engages consultants only if it considers that specific specialist expertise is required and the particular skillset is not available from within existing staffing resources, or if there is a need for independent research, review or assessment.

Any decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations, including *Commonwealth Procurement Guidelines*, and with relevant internal policies.

During 2013-14, the Authority did not enter into any new consultancy contracts. Annual reports contain information about actual expenditure on contract for consultancies. Information on the value of 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 2013-14, the Authority made no payments for these services and conducted no advertising campaigns.

5.2.6 GRANT PROGRAMS

The Authority did not administer any grant programs in 2013-14.

5.3 MANAGEMENT OF HUMAN RESOURCES

At 30 June 2014, the Authority had 18 employees, of whom 17 were ongoing and one was non-ongoing. All Authority staff were located in Melbourne and two-thirds of employees were female.

The staffing profile reflects the Authority's required skills and capabilities. During 2013-14, the Authority utilised a range of employees temporarily transferred from other agencies, with specialist knowledge relevant to the review work program.

The Authority's staff numbers progressively fell over the 2013-14 financial year, as continued uncertainty about its future led to staff departures. The Authority reached its peak in terms of numbers in August 2013. Since then, 19 staff members have departed the organisation.

5.3.1 STAFFING STATISTICS

The distribution of staff by classification and employment status is shown in Table 5.1. Authority staff remuneration bands are shown in Table 5.2.

TABLE 5.1: CLIMATE CHANGE AUTHORITY STAFF NUMBERS BY CLASSIFICATION, GENDER AND FULL-TIME OR PART-TIME STATUS (AT 30 JUNE 2014)

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	2	1	1	0	4
Executive Level 1	1	1	3	0	5
APS 6	2	0	1	0	3
APS 5	3	0	1	0	4
APS 1-4	0	0	0	0	0

TABLE 5.2: SALARY STRUCTURES AT THE CLIMATE CHANGE AUTHORITY (AT 30 JUNE 2014)

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.

One Senior Executive Service officer was employed under the *Public Service Act 1999*, with the conditions of service set out under the then DCCEE SES Employment Conditions handbook. The CEO determines SES remuneration in accordance with remuneration guidelines

promulgated by the then DCCEE. Further details on SES officer and CEO remuneration are at Note 12 **Appendix A**.

5.3.3 REMUNERATION FOR THE AUTHORITY CHAIR AND MEMBERS

The remuneration of the Authority Chair and Members is governed by section 25 of the *Climate Change Authority Act 2011*. 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. The Authority met 14 times in 2013–14.

**TABLE 5.3: REMUNERATION OF CLIMATE CHANGE AUTHORITY MEMBERS
(AT 30 JUNE 2014)**

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

TABLE 5.4: CLIMATE CHANGE AUTHORITY MEMBER MEETING ATTENDANCE

MEMBER	NO. OF MEETINGS ATTENDED
Mr Bernie Fraser (Chair)	14
Professor Clive Hamilton	12
Professor David Karoly	12
Mr John Marlay	13
Professor John Quiggin	12
Ms Heather Ridout	9
Ms Elana Rubin	8
Dr Lynne Williams	12

5.3.4 EMPLOYMENT ARRANGEMENTS

Upon establishment, the CEO of the Authority made a determination under section 24(1) of the *Public Service Act 1999*. The determination stated that all non-SES Authority staff were to be employed under the conditions of the *DCCEE Enterprise Agreement 2011–2014*.

Senior Executive Service Authority staff were employed under the *Public Service Act 1999* and their conditions of service outlined in the DCCEE SES Employment Conditions handbook. In 2013–14, one staff member was employed on an individual flexibility arrangement under clause 10 of the *DCCEE Enterprise Agreement 2011–2014*.

No employee of the Authority was employed under performance-based remuneration conditions in 2013–14.

5.3.5 CONSULTATIVE ARRANGEMENTS

An advantage of a small agency is that direct consultation between management and employees is possible. This occurred on a regular basis in 2013–14, including through the CEO's 'all staff' 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
- assist in identifying and managing 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 Program.

The Authority also provides one-on-one coaching to address particular development needs and extensive on-the-job training within the Authority. Internal seminars on written communication skills also contributed to staff development during 2013-14 and helped with the Authority's review 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 2013-14.

During 2013-14, 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

There were no claims for injury in 2013-14. There was one informal return-to-work program conducted.

5.3.9 EMPLOYEE ASSISTANCE PROGRAM

The Authority offers its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues. The Authority contracted Optum (previously known as PPC Worldwide) 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. From 2010–11, departments and agencies have no longer been 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 reports will be available in late 2014 at www.dss.gov.au.

APPENDIX A AUDITED FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment

I have audited the accompanying financial statements of the Climate Change Authority for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive Officer and Chief Financial Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive Officer of the Climate Change Authority is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Climate Change Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Climate Change Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Climate Change Authority:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Climate Change Authority's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

22 August 2014



Australian Government
Climate Change Authority

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Financial Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

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

Anthea Harris
Chief Executive Officer

22 August 2014

A handwritten signature in blue ink, appearing to read 'Michael Everett'.

Michael Everett
Chief Financial Officer

22 August 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

		2014	2013
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Employee Benefits	3A	4,183	3,835
Suppliers	3B	2,054	2,338
Depreciation and amortisation	3C	285	230
Total Expenses		6,522	6,403
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods or rendering of services	4A	0	316
Total own-source revenue		0	316
Gains			
Other gains	4B	50	50
Total gains		50	50
Total own-source income		50	366
Net cost of services		6,472	6,037
Revenue from Government	4C	8,707	6,170
Surplus attributable to the Australian Government		2,235	133
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		0	0
Total Comprehensive Income attributable to the Australian Government		2,235	133

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		2014	2013
	Notes	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	16	96
Trade and other receivables	6B	3,417	1,465
Total financial assets		3,433	1,561
Non-Financial assets			
Leasehold improvements	7A	765	1,009
Property, plant and equipment	7B,D	26	48
Intangibles	7C,D	84	103
Other non-financial assets	7E	48	0
Total non-financial assets		923	1,160
Total Assets		4,356	2,721
LIABILITIES			
Payables			
Suppliers	8A	44	500
Other payables	8B	162	194
Total payables		206	694
Provisions			
Employee provisions	9	472	584
Total provisions		472	584
Total liabilities		678	1,278
Net Assets		3,678	1,443
EQUITY			
Contributed equity		1,310	1,310
Retained surplus		2,368	133
Total Equity		3,678	1,443

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

	RETAINED EARNINGS		CONTRIBUTED EQUITY		TOTAL EQUITY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance						
Balance carried forward from previous period	133	0	1,310	0	1,443	0
Adjusted opening balance	133	0	1,310	0	1,443	0
Comprehensive Income						
Surplus for the period	2,235	133	0	0	2,235	133
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	2,235	133	0	0	2,235	133
Transactions with owners						
Contribution by Owners						
Equity Contribution – fit out	0	0	0	1,310	0	1,310
Total transactions with owners	0	0	0	1,310	0	1,310
Closing balance as at 30 June	2,368	133	1,310	1,310	3,678	1,443
Closing balance attributable to the Australian Government	2,368	133	1,310	1,310	3,678	1,443

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

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2014

	2014	2013
Notes	\$'000	\$'000
OPERATING ACTIVITIES		
Cash Received		
Appropriations	6,237	5,203
Sales of goods and rendering of services	483	133
Net GST received	36	3
Total cash received	6,756	5,339
Cash used		
Employees	4,322	3,314
Suppliers	2,514	1,849
Total cash used	6,836	5,163
Net cash from (used by) operating activities	(80)	176
10		
INVESTING ACTIVITIES		
Cash used		
Purchase of property, plant and equipment	0	80
Total cash used	0	80
Net cash from (used by) investing activities	0	(80)
FINANCING ACTIVITIES		
Cash Received	0	0
Total cash received	0	0
Net cash from (used by) financing activities	0	0
Net increase (decrease) in cash held	(80)	96
Cash and cash equivalents at the beginning of the reporting period	96	0
Cash and cash equivalents at the end of the reporting period	16	96

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

SCHEDULE OF COMMITMENTS
AS AT 30 JUNE 2014

	2014	2013
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	192	249
Total commitments receivable	192	249
Commitments payable		
Other commitments		
Operating Leases	(2,112)	(2,744)
Total other commitments	(2,112)	(2,744)
Total commitments payable	(2,112)	(2,744)
Net commitments by type	(1,920)	(2,495)
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	60	57
From one to five years	132	192
Total other commitments receivable	192	249
Total commitments receivable	192	249
Commitments payable		
Operating lease commitments		
One year or less	(658)	(632)
From one to five years	(1,454)	(2,112)
Total operating lease commitments	(2,112)	(2,744)
Total commitments payable	(2,112)	(2,744)
Net commitments by maturity	(1,920)	(2,495)

Note: Commitments are GST inclusive where relevant.

CCA has entered into a lease arrangement for office accommodations at 90 Collins St, Melbourne for a period of five years from 15 August 2012.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE DESCRIPTION

1 Summary of Significant Accounting Policies

2 Events after the Reporting Period

3 Expenses

4 Income

5 Fair Value Measurements

6 Financial Assets

7 Non-Financial Assets

8 Payables

9 Provisions

10 Cash Flow Reconciliation

11 Contingent Liabilities and Assets

12 Senior Executive Remuneration

13 Authority Members Remuneration

14 Remuneration of Auditors

15 Financial Instruments

16 Financial Assets Reconciliation

17 Appropriations

18 Compensation and Debt Relief

19 Reporting of Outcomes

20 Net Cash Appropriation Arrangements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. It is a not-for-profit entity. The Authority's role is to undertake independent reviews, research and analysis and provide relevant, insightful, practical advice to the Australian Government on climate change policy that is in the best interests of the Australian community.

The Authority is structured to meet one outcome:

Outcome 1: Provide expert advice to the Australian Government on climate change mitigation initiatives, including the level of carbon pollution caps, the carbon price mechanism, the Renewable Energy target and progress achieving Australia's emissions reduction targets, through conducting periodic reviews and 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 continued existence of the Authority in its present form and with its present program is dependent on Government policy and on continuing funding by Parliament for the Authority's administration and program.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations 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.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Authority or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments.

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

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies listed in this note, the Authority has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

The fair value of leasehold improvements has been taken to be the incurred cost of the fitout to the former Department of Climate Change and Energy Efficiency. This amount has been brought to account as an equity contribution in the creation of the Climate Change Authority in 2012-13.

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

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

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

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material financial impact, and are not expected to have a material financial impact on the Authority's financial statements for future reporting periods. Specific consideration has been given to the following standards:

AASB 13	Fair Value Measurement
AASB 119	Employee Benefits

FUTURE AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

New standards, amendments to standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable for future reporting periods are expected to have significant impact on the Authority's financial statements for future reporting periods.

Consideration has been given to following standards:

AASB 9	Financial Instruments
AASB 1055	Budgetary Reporting

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, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

OTHER TYPES OF REVENUE

Revenue from other sources are 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.

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

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

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Revenue for the Victorian Government Grant (note 4A 2013) was recognised when the Authority was able to establish it had met the criteria under the terms of the agreement.

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

1.6 GAINS

OTHER RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge are recognised as gains 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

SALE OF ASSETS

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 TRANSACTIONS WITH THE GOVERNMENT AS OWNER

EQUITY INJECTIONS

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

RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

Net assets received from or relinquished to another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

OTHER DISTRIBUTIONS TO OWNERS

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 EMPLOYEE BENEFITS

Liabilities for 'shortterm employee benefits' (as defined in AASB 119 *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.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

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 nonvesting 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.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that 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. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

SEPARATION AND REDUNDANCY

Provision is made for separation and redundancy benefit payments. The Authority recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. There is no current plan for terminations and therefore the current provision is nil.

SUPERANNUATION

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

The CSS and PSS are defined benefit schemes 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 for the final fortnight of the year.

1.9 LEASES

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

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

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

Operating lease payments are expensed on a straightline basis, which is representative of the pattern of benefits derived from the leased assets.

1.10 FAIR VALUE MEASUREMENT

The Department deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.11 CASH

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, cash held by outsiders, and demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.12 FINANCIAL ASSETS

The Authority classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Authority currently only holds financial assets of receivables.

Financial assets are recognised and derecognised upon 'trade date'.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

RECEIVABLES

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for receivables held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. The Authority only holds other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

OTHER FINANCIAL LIABILITIES

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

1.14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. 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.

Details of each class of contingent liabilities and contingent assets are disclosed in Note 11: Contingent Assets and Liabilities.

1.15 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.

1.16 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. This is particularly relevant to 'make-good' provisions in property leases taken up by the Authority where there exists an obligation to 'make-good' premises. These costs are included in the value of the Authority's leasehold improvements with a corresponding provision for the 'make-good' recognised.

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 did not differ materially from the assets' fair values at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in

surplus/deficit. Revaluation decrements for a class of assets were recognised directly in surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

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:

	2014	2013
Leasehold improvements and make-good	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

IMPAIRMENT

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

1.17 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.

	2014	2013
Intangibles (computer software)	5 years	5 years

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

All software assets were assessed for indications of impairment as at 30 June 2014.

1.18 TAXATION

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.19 CONSTITUTIONAL AND OTHER LEGAL REQUIREMENTS

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.20 GOING CONCERN

As a result of the Government's climate change policy, including the commitment to repeal the carbon pricing mechanism, no direct appropriation funding has been provided for the Authority in the 2014-15 Portfolio Budget Statements. Nevertheless, the financial report has been prepared on a going concern basis because:

- Legislation which determines the future of the Authority is before the Senate as at the date of signing of these financial statements;
- Funding to support existing functions of the Authority is incorporated in the appropriation funding of the Department of the Environment;
- These funds were provided to meet the ongoing work program in the event the Authority was wound up; and
- If wound up under the current legislation before the Senate all references to the Authority, with respect to records, instruments and appropriations, are to be read as references to the Department of the Environment.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

On the resumption of Parliament on 26 August 2014, the Senate is scheduled to consider legislation (*The Climate Change Authority Abolition Bill 2013*) that will determine the future of the Authority.

There are no other events occurring after balance date that materially affect the financial statements for the year ended 30 June 2014.

NOTE 3: EXPENSES

NOTE 3A: EMPLOYEE BENEFITS

	2014	2013
	\$'000	\$'000
Wages and salaries	3,321	2,808
Superannuation:		
Defined contribution plans	313	266
Defined benefits plans	237	191
Leave and other entitlements	302	564
Other Expenses	10	6
Total employee benefits	4,183	3,835

NOTE 3B: SUPPLIERS

	2014	2013
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	114	22
Contractors	518	336
Travel	197	204
IT Services	11	52
Subscriptions	85	101
Administrative Services under MoU	312	359
Comcover	24	29
Minor office equipment, furniture and fittings	0	54
Telephone Services (PABX)	33	51
Protective Security	0	50
Staffing & recruitment expenses	92	187
Buildings outgoings and related	0	261
Other	132	176
Total goods and services supplied or rendered	1,518	1,882
Goods and services supplied or rendered are made up of:		
Provision of goods – related parties	0	0
Provision of goods – external parties	0	97
Rendering of services – related parties	330	1,450
Rendering of services – external parties	1,188	335
Total goods and services supplied or rendered	1,518	1,882
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	493	412
Workers compensation premiums	43	44
Total other suppliers expenses	536	456
Total suppliers	2,054	2,338

NOTE 3C: DEPRECIATION AND AMORTISATION

	2014	2013
	\$'000	\$'000
Depreciation:		
Buildings - leasehold improvements	245	215
Property, plant and equipment	22	8
Total depreciation	267	223
Amortisation:		
Intangibles	18	7
Total amortisation	18	7
Total depreciation and amortisation	285	230

NOTE 4: OWN-SOURCE REVENUE

4A: SALE OF GOODS AND RENDERING OF SERVICES

	2014	2013
	\$'000	\$'000
Rendering of services		
Victorian Government Grant	0	316
Total rendering of services	0	316

NOTE 4B: OTHER GAINS

	2014	2013
	\$'000	\$'000
Resources received free of charge		
ANAO Audit Services	50	50
Total other gains	50	50

REVENUE FROM GOVERNMENT

NOTE 4C: REVENUE FROM GOVERNMENT

	2014	2013
	\$'000	\$'000
Appropriations:		
Departmental appropriations	8,707	6,170
Total revenue from Government	8,707	6,170

NOTE 5: FAIR VALUE MEASUREMENTS

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

NOTE 5A: FAIR VALUE MEASUREMENTS AT THE END OF THE REPORTING PERIOD BY HIERARCHY FOR ASSETS AND LIABILITIES IN 2014

	FAIR VALUE MEASUREMENTS AT THE END OF THE REPORTING PERIOD USING			
	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Leasehold improvements	765	0	0	765
Property, plant and equipment	26	0	26	0
Total non-financial assets	791	0	26	765
Total fair value measurement of assets in the statement of financial position	791	0	26	765

Fair value measurements – highest and best use differs from current use for non-financial assets (NFAs)

The highest and best use of all non-financial assets are the same as their current use.

NOTE 5B: LEVEL 1 AND LEVEL 2 TRANSFERS FOR RECURRING FAIR VALUE MEASUREMENTS

There were no transfers between Level 1 and level 2 during 2013-14.

The Authority's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

NOTE 5C: VALUATION TECHNIQUE AND INPUTS FOR LEVEL 2 AND LEVEL 3 FAIR VALUE MEASUREMENTS

Level 2 and 3 fair value measurements – valuation techniques and the inputs used for assets and liabilities in 2014

	CATEGORY LEVEL 2 OR 3	FAIR VALUE \$'000	VALUATION TECHNIQUE(S) ¹	INPUTS USED	RANGE (WEIGHTED AVE) ²
Non-financial assets					
Leasehold improvements	level 3	765	Depreciation replacement cost	Cost per square metre	Approx \$829 /m ²
Property, Plant and equipment	level 2	26	Depreciation replacement cost	Sale price of comparable assets	N/A

1. No change in valuation technique occurred during the period

2. Significant unobservable inputs only. Not applicable for assets or liabilities in level 2 category.

Recurring and non-recurring level 3 fair value measurements – valuation processes.

The Authority intends conducting independent valuations every five years. In years where an independent valuation is not undertaken, an assessment is undertaken by management to ensure the fair value criterion is reasonable.

Recurring Level 3 fair value measurements – sensitivity of inputs.

Use of depreciable replacement costs. Fair value will only fluctuate with cost of replacement of assets, not expected to be significant.

NOTE 5D: RECONCILIATION FOR RECURRING LEVEL 3 FAIR VALUE MEASUREMENTS

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	NON-FINANCIAL ASSETS		
	Leasehold Improvements	Computer Software Assets	Total 2014
	\$'000	\$'000	\$'000
Opening Balance	1,009	102	1,111
Purchases	-	-	-
Sales	-	-	-
Depreciation	244	18	262
Closing Balance	765	84	849

The highest and best use of all non-financial assets are the same as their current use.

The Authority's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

NOTE 6: FINANCIAL ASSETS**NOTE 6A: CASH AND CASH EQUIVALENTS**

	2014	2013
	\$'000	\$'000
Cash on hand or on deposit	16	96
Total cash and cash equivalents	16	96

NOTE 6B: TRADE AND OTHER RECEIVABLES

	2014	2013
	\$'000	\$'000
Goods and Services:		
Goods and services – related parties	0	150
Goods and services – external parties	0	333
Total goods and services receivable	0	483
Appropriations receivable:		
For existing programs	3,400	967
Total appropriations receivable	3,400	967
Other receivables:		
GST receivable from the Australian Taxation Office	17	15
Total other receivables	17	15
Total trade and other receivables	3,417	1,465
Trade and other receivables are expected to be recovered in:		
No more than 12 months	3,417	1,465
More than 12 months	0	0
Total trade and other receivables	3,417	1,465
Trade and other receivables are aged as follows:		
Not overdue	3,417	1,455
Overdue by:		
0 to 30 days	0	0
31 to 60 days	0	0
61 to 90 days	0	10
More than 90 days	0	0
Total trade and other receivables	3,417	1,465
The Authority's credit terms	30 days	30 days

NOTE 7: NON-FINANCIAL ASSETS

NOTE 7A: LEASEHOLD IMPROVEMENTS

	2014	2013
	\$'000	\$'000
Leasehold improvements		
Fair value	1,224	1,224
Accumulated depreciation	(459)	(215)
Total leasehold improvements	765	1,009

No indicators of impairment were found for leasehold improvements.
No leasehold improvements are expected to be sold or disposed within the next 12 months.

NOTE 7B: PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$'000	\$'000
Property, plant and equipment		
Fair value	56	56
Accumulated depreciation	(30)	(8)
Total property, plant and equipment	26	48

No indicators of impairment were found for leasehold improvements.
No leasehold improvements are expected to be sold or disposed within the next 12 months.

NOTE 7C: INTANGIBLES

	2014	2013
	\$'000	\$'000
Computer software		
Cost	109	110
Accumulated amortisation	(25)	(7)
Total computer software	84	103
Total intangibles	84	103

No indicators of impairment were found for leasehold improvements.
No leasehold improvements are expected to be sold or disposed within the next 12 months.

NOTE 7D: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

	LEASEHOLD IMPROVEMENTS	PROPERTY, PLANT & EQUIPMENT	COMPUTER SOFTWARE PURCHASED	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013	1,009	48	103	1,160
Net book value	1,009	48	103	1,160
Additions:				
By Purchase	0	0	0	0
Depreciation/Amortisation expense	(244)	(22)	(19)	(285)
Disposals	0	0	0	0
Total as at 30 June 2014	765	26	84	875
Total as at 30 June 2014 represented by				
Gross book value	1,224	56	110	1,390
Accumulated depreciation/ amortisation	(459)	(30)	(26)	(515)
Total as at 30 June 2014	765	26	84	875
As at 1 July 2012	-	-	-	-
Net book value	-	-	-	-
Additions:				
By Purchase	0	20	59	79
From acquisition of entities or operations (including restructuring)	1,224	36	51	1,311
Depreciation/Amortisation expense	(215)	(8)	(7)	(230)
Disposals	0	0	0	0
Total as at 30 June 2013	1,009	48	103	1,160
Total as at 30 June 2013 represented by				
Gross book value	1,224	56	110	1,390
Accumulated depreciation/ amortisation	(215)	(8)	(7)	(230)
Total as at 30 June 2013	1,009	48	103	1,160

NOTE 7E: OTHER NON-FINANCIAL ASSETS

	2014	2013
	\$'000	\$'000
Prepayments		
Rent and services in advance	48	0
Total prepayments	48	0
Total other non-financial assets	48	0
Total prepayments are expected to be recovered in:		
No more than 12 months	48	0
More than 12 months	0	0
Total prepayments	48	0

NOTE 8: PAYABLES

NOTE 8A: SUPPLIERS

	2014	2013
	\$'000	\$'000
Trade creditors and accruals	44	500
Total supplier payables	44	500
Supplier payables expected to be settled with 12 months:		
Related parties	0	228
External parties	44	272
Total suppliers payable	44	500

Settlement is usually made within 30 days.

NOTE 8B: OTHER PAYABLES

	2014	2013
	\$'000	\$'000
Salaries and wages	88	107
Superannuation	14	16
Efficiency dividend payable	0	36
Lease liability	19	32
Net GST payable to ATO	41	3
Total other payables	162	194

Total other payables are expected to be settled in:

No more than 12 months	162	194
More than 12 months	0	0
Total other payables	162	194

NOTE 9: PROVISIONS

NOTE 9: EMPLOYEE PROVISIONS

	2014	2013
	\$'000	\$'000
Leave	472	584
Total employee provisions	472	584

Employee provisions are expected to be settled in:

No more than 12 months	163	277
More than 12 months	309	307
Total employee provisions	472	584

NOTE 10: CASH FLOW RECONCILIATION

	2014	2013
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and Cash Equivalents as per:		
Cash Flow Statement	16	96
Statement of Financial Position	16	96
Discrepancy	0	0
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(6,472)	(6,037)
Add revenue from Government	8,707	6,170
Adjustments for non-cash items		
Depreciation / amortisation	285	230
Movement in assets / liabilities:		
(Increase) / decrease in net receivables	(1,954)	(1,465)
(Increase) / decrease in prepayments	(48)	0
(Increase) / decrease in employee provisions	(112)	584
(Increase) / decrease in supplier payables	(456)	500
(Increase) / decrease in other payables	(31)	194
Net cash from / (used by) operating activities	(80)	176

NOTE 11: CONTINGENT ASSETS AND LIABILITIES

SIGNIFICANT REMOTE CONTINGENCIES.

CCA entered into an agreement that resulted in an accommodation and set-up subsidy that has been provided via a Memorandum of Understanding (MOU) with the Victorian Department of Business and Innovation. The MOU requires the Authority to continue to meet certain conditions through to 31 December 2015. The conditions are considered to be business as usual requirements and place no added impost on the Authority. The amount of liability connected to a refund event cannot be evaluated accurately. The possibility of a refund event occurring is considered highly unlikely.

NOTE 12: SENIOR EXECUTIVE REMUNERATION

NOTE 12A: SENIOR EXECUTIVE REMUNERATION EXPENSES FOR THE REPORTING PERIOD

	2014	2013
	\$'000	\$'000
Short-term employee benefits:		
Salary	595	483
Performance bonus	0	0
Total short-term employee benefits	595	483
Post-employment benefits		
Superannuation	91	68
Total post-employment benefits	91	68
Other long-term employee benefits:		
Annual leave accrued	108	62
Long service leave accrued	49	58
Total other long-term employee benefits	157	120
Termination benefits		
Long service paid out	66	0
Total termination benefits	66	0
Total senior executive remuneration expenses	909	671

1. Note 12A includes SES and Members

2. Note 12A is prepared on an accrual basis

3. Note 12A excludes acting arrangements and part-year service where the total remuneration expensed as a senior executive was less than \$195,000.

NOTE 12B: AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO SUBSTANTIVE SENIOR EXECUTIVES DURING THE REPORTING PERIOD

2014					
Average annual reportable remuneration	Senior Executives	Reportable Salary	Contributed Super-annuation	Reportable Allowances	Total reportable remuneration
	No.	\$	\$	\$	\$
Total remuneration					
(Including part-time arrangements)					
\$195,000 to \$224,999	2	201,230	22,397	125	223,752
\$330,000 to \$369,999	1	316,891	46,014	-	362,905
Total	3				

2013					
Average annual reportable remuneration	Senior Executives	Reportable Salary	Contributed Super-annuation	Reportable Allowances	Total reportable remuneration
	No.	\$	\$	\$	\$
Total remuneration					
(Including part-time arrangements)					
less than \$195,000	1	127,421	18,826	-	146,247
\$195,000 to \$224,999	1	176,440	23,343	300	200,083
\$330,000 to \$369,999	1	291,754	44,500	50	336,304
Total	3				

1. This table reports substantive senior executives who received remuneration during the reporting period
2. Reportable salary includes the following:
 - a) gross payments (no bonuses have been paid)
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
 - c) exempt foreign employment income; and
 - d) salary sacrifice benefits
3. The contributed superannuation amount is the cost to the entity for the provision of superannuation benefits to substantive senior executives in the reporting period
4. Reportable allowances are the actual allowances paid as per the total allowances line in individuals' payment summaries.

NOTE 12C: AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO OTHER HIGHLY PAID STAFF DURING THE REPORTING PERIOD

The Authority has no other highly paid staff with total reportable remuneration in excess of \$195,000 for both financial years

NOTE 13: AUTHORITY MEMBERS REMUNERATION

2014					
Average annual reportable remuneration	Authority members	Reportable Salary	Contributed Super-annuation	Reportable Allowances	Total reportable remuneration
	No.	\$	\$	\$	\$
Total remuneration					
(Including part-time arrangements)					
Chairman	1	53,559	5,821	9,370	68,750
Members	7	25,015	2,926	6,742	34,683
Total	8				

2013					
Average annual reportable remuneration	Authority members	Reportable Salary	Contributed Super-annuation	Reportable Allowances	Total reportable remuneration
	No.	\$	\$	\$	\$
Total remuneration					
(Including part-time arrangements)					
Chairman	1	58,953	5,306	-	64,259
Members	7	31,834	3,020	-	34,854
Total	8				

Note: this is an additional disclosure and not required Finance Minister's Orders Authority Members remuneration and sitting fees are set by Remuneration Tribunal Determinations

1. This table reports Authority members who received remuneration during the reporting period.
2. Each row is an averaged figure based on the headcount for individuals in that category
3. Reportable salary includes the following:
 - a) gross payments (no bonuses have been paid)
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
 - c) exempt foreign employment income; and
 - d) salary sacrifice benefits
4. The contributed superannuation amount is the cost to the entity for the provision of superannuation benefits to substantive senior executives in the reporting period.
5. Reportable allowances are the actual allowances paid as per the total allowances line in individuals' payment summaries.

NOTE 14: REMUNERATION OF AUDITORS

	2014	2013
	\$'000	\$'000

Financial statement audit services were provided free of charge to the Authority by the Australian National Audit Office (ANAO).

Fair value services received

Financial statement audit services	50	50
Total fair value of services received	50	50

No other services were provided to the Authority by the ANAO.

NOTE 15: FINANCIAL INSTRUMENTS**NOTE 15A: CATEGORIES OF FINANCIAL INSTRUMENTS**

	2014	2013
	\$'000	\$'000

Financial Assets**Loans and receivables:**

Cash and cash equivalents	16	96
Trade receivables	0	483
Total loans and receivables	16	579

Financial liabilities**At amortised cost:**

Other liabilities		
Payables - suppliers	44	327
Total financial liabilities measured at amortised cost	44	327

NOTE 16: FINANCIAL ASSETS RECONCILIATION

NOTE 16A: NET GAINS AND LOSSES FINANCIAL ASSETS

There is no income or expense from financial assets in the periods ended 30 June 2014 and 30 June 2013.

NOTE 16B: NET GAINS AND LOSSES FINANCIAL LIABILITIES

There is no income or expense from other financial liabilities in the periods ended 30 June 2014 and 30 June 2013.

NOTE 16C: FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial instruments held at 30 June 2014 and 30 June 2013 where the carrying amount is not a reasonable approximation of fair value.

NOTE 16D: CREDIT RISK

The Authority is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total of trade receivables. The Authority holds no trade receivables as at 30 June 2014 (2013: \$483,000). There is therefore no current credit risk.

NOTE 16F: LIQUIDITY RISK

The Authority's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Authority will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Authority (eg. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Authority is appropriated funding from the Australian Government. The Authority manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Authority has policies in place to ensure timely payments are made when due and has no past record of default.

All financial liabilities for 2014 and 2013 mature within one year.

The Authority has no derivative financial liabilities in either the current or prior year.

NOTE 16G: MARKET RISK

The Authority holds basic financial instruments that do not expose the Authority to market risks.

The Authority is not exposed to currency risk, price risk or interest rate risk.

NOTE 16H: FINANCIAL ASSETS RECONCILIATION

	2014	2013
	\$'000	\$'000
Financial Assets		
Total financial assets per statement of financial position	3,434	1,561
Less: non-financial instrument components:		
Appropriations receivable	3,401	967
GST Receivable from the Australian Taxation Office	17	15
Total non-financial instruments components	3,418	982
Total financial assets as per financial instrument note	16	579

NOTE 17: APPROPRIATIONS

TABLE A: ANNUAL APPROPRIATIONS ('RECOVERABLE GST' EXCLUSIVE)

	2014 APPROPRIATIONS						Variance
	Appropriation Act Annual Appropriation	FMA Act Section 30	FMA Act Section 31	Total Appropriation	Appropriation applied in 2014 (current and prior years)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental							
Ordinary annual services	8,707	0	348	9,019	6,665	2,354	
Other services	0	0	0	0	0	0	
Total departmental	8,707	0	348	9,019	6,665	2,354	

(a) Appropriations reduced under Appropriation Acts (No.1,3,5) 2013-14: sections 10, 11 and 12 and under Appropriation Acts (No.2,4,6) 2013-14: sections 12,13 and 14. The reduction was in respect of savings measures for 2012-13 but only effected in 2013-14.

(b) Unapplied 2013-14 appropriations will be applied to meeting the future settlement of current period expenses and provisions and to meet current operations in the absence of a 2014-15 appropriation.

(c) The balance of unapplied 2013-14 appropriations has resulted from an underspend which is a consequence of a reduced staffing complement in the second half of 2013-14 linked to the announcement of the potential abolition of the Authority. At reporting date the Authority is applying carry forward funds to meet its operational needs.

TABLE A: ANNUAL APPROPRIATIONS ('RECOVERABLE GST' EXCLUSIVE)

2013 APPROPRIATIONS						
	Appropriation Act		FMA Act		Total Appropriation applied in 2013 (current and prior years)	Variance
	Annual Appropriation	Reduced	Section 30	Section 31		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental						
Ordinary annual services	6,206	0	0	105	6,311	967
Other services	0	0	0	0	0	0
Total departmental	6,206	0	0	105	6,311	967

(a) Appropriations reduced under Appropriation Acts (No.1,3,5) 2012-13: sections 10, 11 and 12 and under Appropriation Acts (No.2,4,6) 2012-13: sections 12, 13 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

(b) Unapplied 2012-13 appropriations will be applied to meeting the future settlement of current period expenses and provisions. As at 30 June the employee provisions balance is \$584,000, salary accrual \$117,000 and net creditor accruals \$250,000.

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

	2014	2013
	\$'000	\$'000
Appropriation Act (No.1) 2012-13	931	967
Appropriation Act (No.1) 2013-14	2,470	
Total departmental appropriation as at 30 June	3,401	967

NOTE 18: COMPENSATION AND DEBT RELIEF

	2014	2013
	\$'000	\$'000
Departmental		
No 'Act of Grace' payments were expensed during the reporting period.	0	0
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	0	0
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.		
No ex gratia payments were provided for during the reporting period.	0	0
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period.	0	0

NOTE 19: REPORTING OF OUTCOMES

NOTE 19A: NET COST OF OUTCOME DELIVERY

	OUTCOME 1 2014	OUTCOME 1 2013
	\$'000	\$'000
Departmental		
Expenses	6,522	6,403
Other own-source income	50	366
Net cost of outcome delivery	6,472	6,037

During 2012-13 additional legal advice was received that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The Authority has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The Authority has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. The Authority is not aware of any specific breaches of Section 83 in respect of these items.

The Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

NOTE 20: NET CASH APPROPRIATION ARRANGEMENTS

	2014	2013
	\$'000	\$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	1,950	363
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	285	230
Total comprehensive income - as per the Statement of Comprehensive Income	2,235	133

¹ From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

APPENDIX B

LIST OF REQUIREMENTS

B

REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
8(3) & A.4		Letter of transmittal	Mandatory	1
A.5		Table of contents	Mandatory	2-3
A.5		Index	Mandatory	85-90
A.5		Glossary	Mandatory	81-82
A.5		Contact officer(s)	Mandatory	i
A.5		Internet home page address and Internet address for report	Mandatory	
9	Review by CEO			
9(1)		Review by CEO	Mandatory	10-11
9(2)		Summary of significant issues and developments	Suggested	4-5
9(2)		Overview of department's performance and financial results	Suggested	17-21, 33-72
9(2)		Outlook for following year	Suggested	N/A
9(3)		Significant issues and developments - portfolio	Portfolio departments - suggested	N/A
10	Agency Overview			
10(1)		Role and functions	Mandatory	13-15
10(1)		Organisational structure	Mandatory	14
10(1)		Outcome and program structure	Mandatory	15
10(2)		Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	N/A
10(3)		Portfolio structure	Portfolio departments - mandatory	N/A
11	Report on Performance			
11(1)		Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	17-24

REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
11(2)		Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	19-21
11(2)		Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
11(2)		Narrative discussion and analysis of performance	Mandatory	17-21
11(2)		Trend information	Mandatory	N/A
11(3)		Significant changes in nature of principal functions/ services	Suggested	N/A
11(3)		Performance of purchaser/provider arrangements	If applicable, suggested	N/A
11(3)		Factors, events or trends influencing agency performance	Suggested	4-5, 10-11
11(3)		Contribution of risk management in achieving objectives	Suggested	-
11(4)		Performance against service charter customer service standards, complaints data, and the agency's response to complaints	If applicable, mandatory	N/A
11(5)		Discussion and analysis of the agency's financial performance	Mandatory	26-27
11(6)		Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	50
11(7)		Agency resource statement and summary resource tables by outcomes	Mandatory	26
12	Management and Accountability			
	Corporate Governance			
12(1)		Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines	Mandatory	1
12(2)		Statement of the main corporate governance practices in place	Mandatory	23-25
12(3)		Names of the senior executive and their responsibilities	Suggested	14
12(3)		Senior management committees and their roles	Suggested	N/A
12(3)		Corporate and operational planning and associated performance reporting and review	Suggested	-

REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
12(3)		Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	24-25
12(3)		Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	25
12(3)		How nature and amount of remuneration for SES officers is determined	Suggested	28
External Scrutiny				
12(4)		Significant developments in external scrutiny	Mandatory	25
12(4)		Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	25
12(4)		Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	25
Management of Human Resources				
12(5)		Assessment of effectiveness in managing and developing human resources to achieve agency objectives	Mandatory	27
12(6)		Workforce planning, staff turnover and retention	Suggested	27-28
12(6)		Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	-
12(6)		Training and development undertaken and its impact	Suggested	30
12(6)		Work health and safety performance	Suggested	30
12(6)		Productivity gains	Suggested	-
12(7)		Statistics on staffing	Mandatory	28
12(8)		Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	29
12(9) & B		Performance pay	Mandatory	29
12(10)-(11)	Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	24
12(12)	Purchasing	Assessment of purchasing against core policies and principles	Mandatory	27

REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
12(13)–(22)	Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	27
12(23)	Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	27
12(24)	Exempt contracts	Contracts exempt from publication in AusTender	Mandatory	27
13	Financial Statements	Financial Statements	Mandatory	33–72
Other Mandatory Information				
14(1) & C.1		Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	30
14(1) & C.2		Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	27
14(1) & C.3		Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	26
14(1)		Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A
14(2) & D.1		Grant programmes	Mandatory	27
14(3) & D.2		Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	31
14(4) & D.3		Information Publication Scheme statement	Mandatory	25
14(5)		Correction of material errors in previous annual report	If applicable, mandatory	N/A
E		Agency Resource Statements and Resources for Outcomes	Mandatory	26
F		List of Requirements	Mandatory	75–78

GLOSSARY

TERM	MEANING
AusTender	Provides centralised publication of Australian Government business opportunities, annual procurement plans, multi-use lists and contracts awarded by government agencies.
Authority Members	The Authority comprises eight part-time Members and an ex-officio Member (the Chief Scientist). Members are appointed by the Minister for the Environment under s. 18 of the <i>Climate Change Authority Act 2011</i> .
caps	Can refer to emissions caps or carbon pollution caps. The year-by-year limit on emissions from sources covered by the carbon pricing mechanism ('covered emissions').
Carbon Farming Initiative	An Australian carbon offset scheme that credits emissions reductions from certain sources that are not covered by the carbon pricing mechanism, such as forestry and agriculture.
carbon pricing mechanism	Creates a price on emissions by requiring large emitters to report on, and surrender emissions units for, their covered emissions. The mechanism was put in place by the <i>Clean Energy Act 2011</i> and related legislation, and commenced operation on 1 July 2012. At 30 June 2014, the government intended to repeal the mechanism.
Climate Change Authority	Established on 1 July 2012, the Climate Change Authority provides independent advice on the operation of Australia's carbon price, emissions reduction targets, caps and trajectories, and other Australian Government climate change initiatives.
Clean Energy Regulator	An independent statutory authority that administers regulatory schemes relating to clean energy, including the Renewable Energy Target, the Carbon Pricing Mechanism, the National Greenhouse and Energy Reporting scheme, and the Carbon Farming Initiative.
Department of the Environment	Designs and implements the Australian Government's policies and programs to protect and conserve the environment, water and heritage, and promote climate action.
<i>Department of Climate Change and Energy Efficiency Enterprise Agreement 2011-2014</i>	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	Helps to drive economic growth, productivity and competitiveness by bringing together industry, energy, resources, science, skills and business.
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.
gigawatt hours	A measure of electricity generation/use over a period of time (or energy).
mitigation	A reduction in the source of, or enhancement of the sinks for, greenhouse gases.

national carbon budget	Australia's cumulative emissions allowance over a period of time, referred to in the <i>Clean Energy Act 2011</i> .
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.
national emissions trajectory	Australia's year-by-year pathway to its target. The trajectory provides the starting point for calculating annual caps.
Remuneration Tribunal	An independent statutory authority established under the <i>Remuneration Tribunal Act 1973</i> that sets the remuneration for key Commonwealth offices.
Renewable Energy Target	Operates in two parts—the Small-scale Renewable Energy Scheme and the Large-scale Renewable Energy Target.
Renewable Energy Target review	The Climate Change Authority's review of the Renewable Energy Target. The review is defined in s. 162 of the <i>Renewable Energy (Electricity) Act 2000</i> (Cth).
Targets and Progress Review	The Climate Change Authority has completed its Targets and Progress Review, which recommended emissions reduction targets for Australia and reported on how we are tracking towards these targets. The Authority presented the final report to the government on 27 February 2014.

ABBREVIATIONS

ABBREVIATION	
Authority	Climate Change Authority
ANU	Australian National University
APS	Australian Public Service
CEO	Chief Executive Officer of the Climate Change Authority
CER	Clean Energy Regulator
CO₂	carbon dioxide
CO₂-e	carbon dioxide equivalent
CTH	Commonwealth
DoE	Department of the Environment
EEGO	Commonwealth's Energy Efficiency in Government Operations
ERF	Emissions Reduction Fund
FOI Act	<i>Freedom of Information Act 1982 (Cth)</i>
GST	Goods and Services Tax
IPS	Information Publication Scheme
KPMG	KPMG International
NGER	National Greenhouse and Energy Reporting system
RBA	Reserve Bank of Australia
REE Act	<i>Renewable Energy (Electricity) Act 2000 (Cth)</i>
REE Regulations	Renewable Energy (Electricity) Regulations 2000 (Cth)
RET	Renewable Energy Target
SES	Senior Executive Service
WHS	Work Health Safety

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