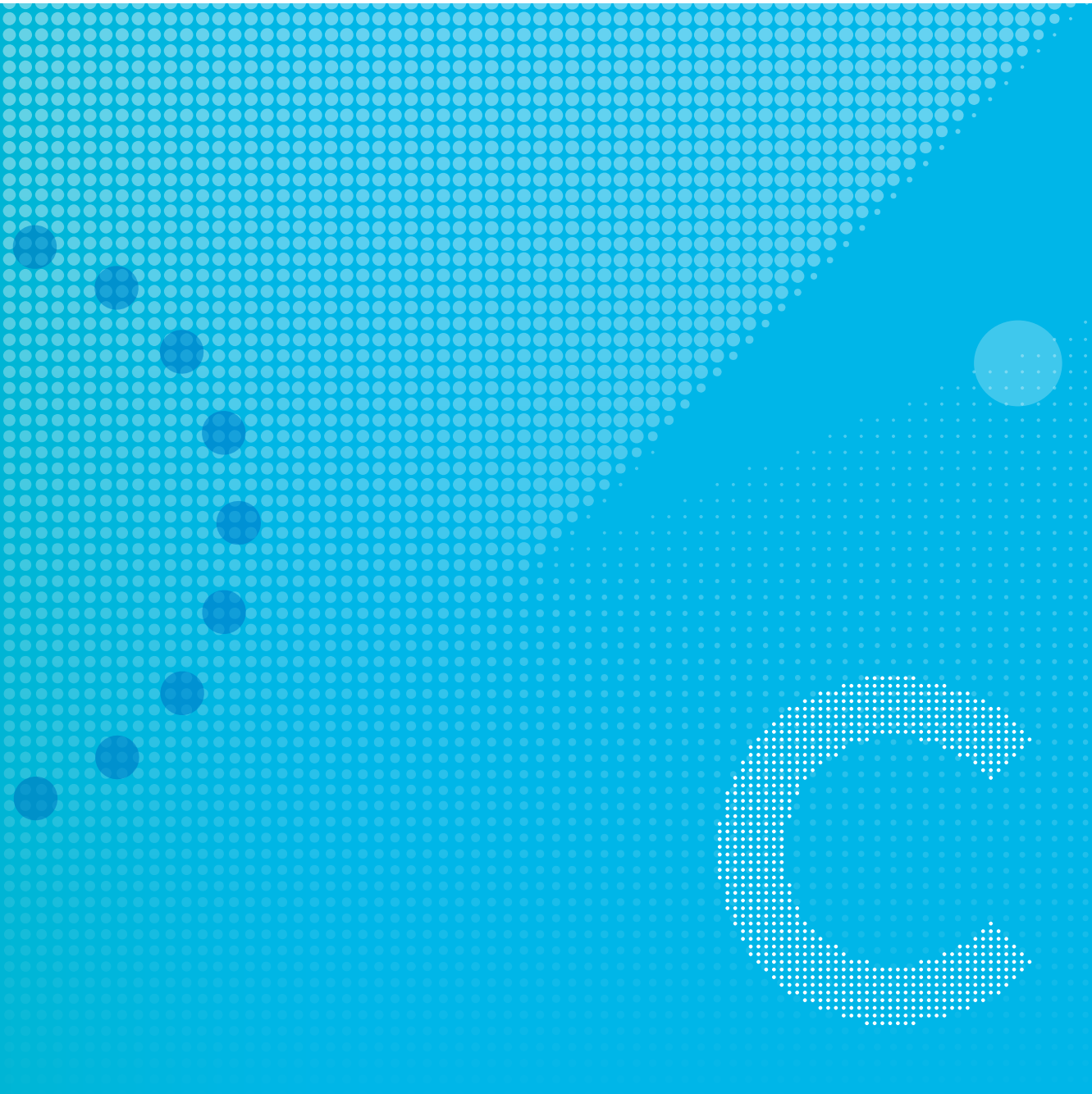




Australian Government
Climate Change Authority

CLIMATE CHANGE AUTHORITY ANNUAL REPORT 2018-19



ABOUT THIS REPORT

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

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

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CLIMATE CHANGE AUTHORITY
ANNUAL REPORT 2018-19





Australian Government
Climate Change Authority

The Hon Angus Taylor MP
Minister for Energy and Emissions Reduction
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to provide you with the Climate Change Authority's annual report for the financial year 2018-19.

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

Yours sincerely

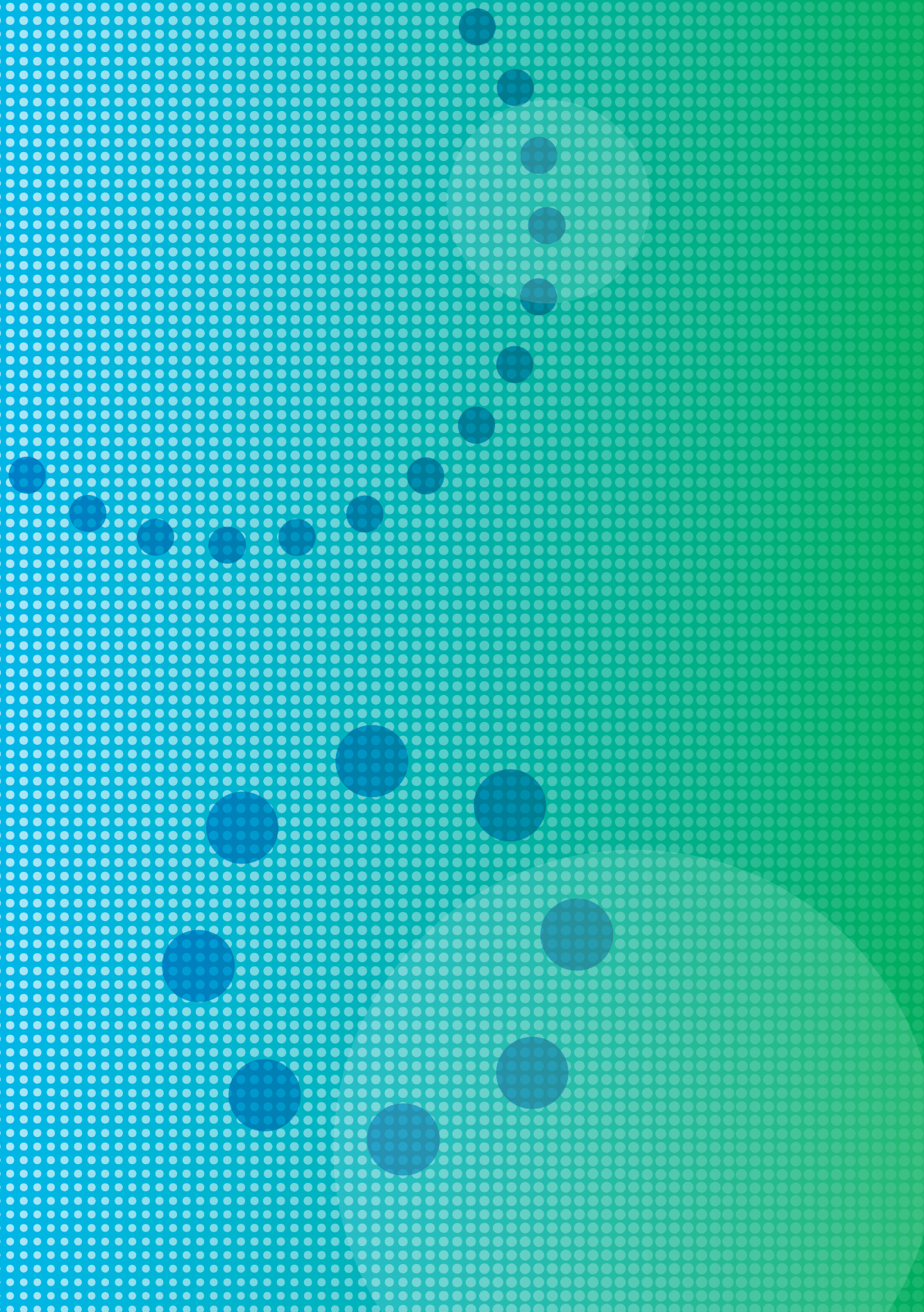
A handwritten signature in blue ink, appearing to read 'Brad Archer'.

Brad Archer
Chief Executive Officer

CONTENTS

1 MEMBERS OF THE CLIMATE CHANGE AUTHORITY	1
2 CHIEF EXECUTIVE OFFICER'S REVIEW	5
3 ABOUT THE CLIMATE CHANGE AUTHORITY	7
3.1. FUNCTIONS OF THE AUTHORITY	7
3.2. ORGANISATIONAL STRUCTURE	7
3.3. OBJECTIVE	8
3.4. OUTCOME AND PROGRAMME STRUCTURE	8
4 ANNUAL PERFORMANCE STATEMENT	11
4.1. INTRODUCTORY STATEMENT	11
4.2. PURPOSE	11
4.3. ACTIVITIES	11
4.4. ASSESSMENT OF THE AUTHORITY'S PERFORMANCE	12
4.5. REPORT ON PERFORMANCE	14
5 MANAGEMENT AND ACCOUNTABILITY	19
5.1. CORPORATE GOVERNANCE	19
5.1.1 Risk Management	19
5.1.2 Fraud Control	20
5.1.3 Assets and Asset Management	20
5.1.4 Shared Services	20
5.1.5 Internal Audit	20
5.1.6 External Scrutiny	21
5.1.7 Ethical Standards	21
5.1.8 Freedom of Information	22
5.1.9 Ecologically Sustainable Development and Environmental Performance	22
5.2. FINANCIAL OVERVIEW	22
5.2.1 Financial Performance	22
5.2.2 Resource Statement 2018–19	23
5.2.3 Purchasing	23
5.2.4 Consultancies	24
5.2.5 Advertising and Market Research	24
5.2.6 Grant Programmes	24

5.3. MANAGEMENT OF HUMAN RESOURCES	24
5.3.1 Staffing Statistics	24
5.3.2 Remuneration for CEO and Senior Executive Service	25
5.3.3 Remuneration for Authority Chair and Members	26
5.3.4 Employment Arrangements	26
5.3.5 Consultative Arrangements	26
5.3.6 Performance Management	26
5.3.7 Learning and Development	26
5.3.8 Work Health and Safety	27
5.3.9 Employee Assistance Programme	27
5.3.10 Workplace Diversity	27
5.3.11 Disability Reporting	27
<hr/>	
APPENDIX A – AUDITED FINANCIAL STATEMENTS	29
<hr/>	
APPENDIX B – EXECUTIVE REMUNERATION	47
<hr/>	
APPENDIX C – LIST OF REQUIREMENTS	49
<hr/>	
GLOSSARY	57
<hr/>	
ABBREVIATIONS	59



MEMBERS OF THE CLIMATE CHANGE AUTHORITY



CHAIR: DR WENDY CRAIK AM

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

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

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



EX OFFICIO MEMBER AND CHIEF SCIENTIST: DR ALAN FINKEL AO

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



MR STUART ALLINSON

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

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

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

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



MS KATE CARNELL AO

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

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

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

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

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

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

Ms Carnell chaired the Cooperative Research Centre (CRC) Forestry from 2004 to 2014, and was a board member of the CRC Greenhouse Accounting from 2001 to 2006.

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



THE HON JOHN SHARP AM

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

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

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

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

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

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



MR MARK LEWIS

Mr Lewis was appointed as a member of the Authority on 1 April 2019 for a term of five years.

Mr Lewis has had a lifetime commitment to agriculture growing up on farms in Central Queensland and later owning cattle and sheep properties in South West Queensland. Mr Lewis spent many years with the Veterinary Services Branch of the Queensland Department of Primary Industries (QDPI) in the channel country and later in northern Queensland. He subsequently joined the Natural Resource Management division of QDPI where he first became exposed to agricultural climate variability as part of the Risk Management and Drought program. Mr Lewis has a Masters in Applied Science from the University of Western Sydney, and an Advanced Diploma in Management from the University of Western Australia. He joined the Department of Agriculture in WA in 1996 and was involved in sustainable rural development and industry development. Mr Lewis was elected a member of the Western Australia Parliament in 2013 and later became Minister for Agriculture and Food. He now sits on a number of government and private sector authorities and boards and provides corporate advisory services to a range of companies.



Dr Russell Reichelt

Dr Reichelt was appointed as a member of the Authority on 1 April 2019 for a term of five years.

In addition to the Climate Change Authority, Dr Reichelt is a board member of the Australian Maritime Safety Authority and for the period 2018-2020 he is the representative of the Australian Prime Minister on the High Level Panel for a Sustainable Ocean Economy. He is also a board member of the Great Barrier Reef Foundation.

Dr Reichelt's technical background is marine science, numerical modelling of ocean processes, ocean policy and management for conservation and sustainable use. More recently he led development of a new reporting mechanism for the Great Barrier Reef (the GBR Outlook Report) which has been legislated in the Great Barrier Reef Marine Park Act and adopted by the national State of the Environment Committee and UNESCO'S World Heritage Centre for all World Heritage Sites listed for natural values.

Dr Reichelt was Chairman of the Great Barrier Reef Marine Park Authority from 2007 to 2018 where a very high priority was to understand and report publicly on the impact of climate change on the Great Barrier Reef and tropical reefs worldwide. He has a PhD in tropical marine science (1980) and has served as CEO of the Australian Institute of Marine Science, Chairman of Australia's Fisheries Research and Development Corporation, and as a member of Australia's State of the Environment Committee.

He has previously chaired Australia's National Oceans Advisory Group advising a panel of 5 Australian cabinet ministers, CSIRO's Wealth from Oceans Flagship Advisory Committee and Seafood Services Australia Ltd. He is an Adjunct Professor at James Cook University and Queensland University of Technology; and a Fellow of the Australian Academy of Technological Sciences & Engineering; Fellow of the Institute of Marine Engineering, Science and Technology and Fellow of the Australian Institute of Company Directors.

CHIEF EXECUTIVE OFFICER'S REVIEW

2



I am pleased to present the Climate Change Authority's annual report for 2018-19.

A key milestone for the Authority this year was completing our statutory review of the National Greenhouse and Energy Reporting legislation. This legislation is a foundational piece of Australia's climate change policy architecture. It facilitates the collection of data to track Australia's emissions and requires Australia's largest emitters to keep emissions within baseline levels. The Authority found the legislation to be working as intended and made several recommendations to improve and streamline its operation, many of which the Government has accepted.

We also commenced work on updating the Authority's advice to the Government on policies for meeting Australia's Paris Agreement commitments. This first stage involved the preparation of background research papers, or 'stocktakes', on current Australian and international climate policies, published in March 2019. We also published a third stocktake, on drivers for and actions by industry to reduce emissions in Australia, in July 2019.

We continued to build the capabilities of our people to ensure we deliver on our objectives. All staff have participated in learning and development activities to build competencies relevant to their roles. Staff at the Authority also participated in governance, fraud and risk management training to assist in improving and strengthening our governance processes.

We also conducted our first stakeholder survey to help evaluate the Authority's approach to engagement, seeking views on the clarity, transparency, and professionalism of, and levels of satisfaction with, our consultations processes. The results were very encouraging and inform our performance reporting in this Annual Report.

As revealed in the 2019-20 Federal Budget, the Government reversed its policy to repeal the legislation establishing the Authority. The Government also appointed two new members to the Authority, Mr Mark Lewis and Dr Russell Reichelt, in April 2019.

Looking ahead, the Authority will continue to focus on updating its climate policy toolkit advice, which we expect to complete in early 2020. We will begin preparations for the next statutory review of the Emissions Reduction Fund, which is due by the end of 2020, respond to any special reviews requested by the Government and will continue to undertake self-initiated research on climate change matters.

I thank all those who contributed to the work of the Authority over the course of 2018-19. This includes everyone who participated in our consultation processes and the subject matter experts, industry leaders and others who generously donated their time to share their expertise and views with Authority members and staff. This input is crucial to ensuring we continue to provide high quality, independent advice to the Government, the Parliament and the community on Australia's climate change policies.

I would also like to thank the Authority members and staff for their high levels of professionalism and commitment to the work of the organisation.

Brad Archer
Chief Executive Officer

ABOUT THE CLIMATE CHANGE AUTHORITY

3

3.1. FUNCTIONS OF THE AUTHORITY

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

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

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

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

3.2. ORGANISATIONAL STRUCTURE

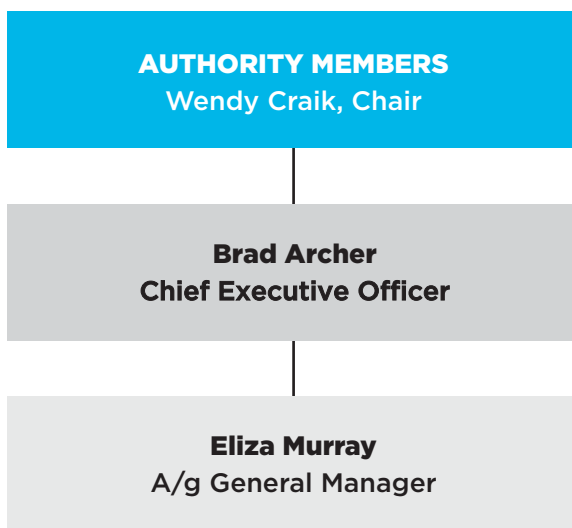
The Authority's organisational structure is outlined in Figure 1. A fully constituted Authority comprises a Chair and up to seven part-time members, plus an ex officio member—Australia's Chief Scientist. Members are appointed by the Minister responsible for climate change under section 18 of the Act.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

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

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

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

FIGURE 1: CLIMATE CHANGE AUTHORITY ORGANISATION CHART



3.3. OBJECTIVE

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

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

3.4. OUTCOME AND PROGRAMME STRUCTURE

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

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

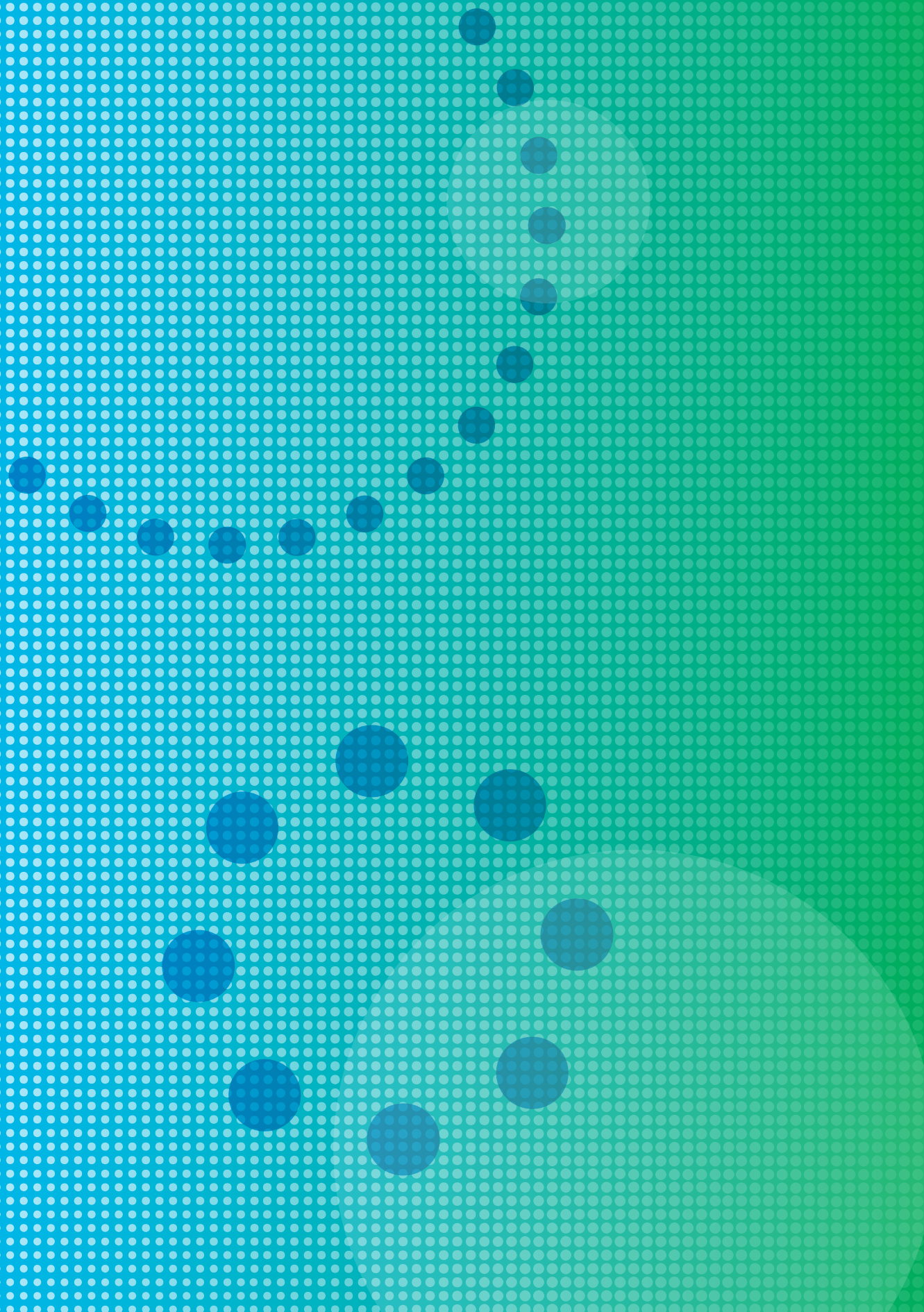
BOX 1: OUTCOMES AND PERFORMANCE INFORMATION**Outcome description**

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

Outcome strategy

The Authority is delivering independent expert advice on climate change mitigation initiatives. In 2018–19, the Authority will undertake stakeholder engagement, research and analysis to inform its review and other research reports.

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



ANNUAL PERFORMANCE STATEMENT

4

4.1. INTRODUCTORY STATEMENT

This report provides the 2018–19 annual performance statements for the Climate Change Authority, as required under section 39(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 16F of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). These annual performance statements are based on properly maintained records, accurately reflect the performance of the Authority and comply with section 39(2) of the PGPA Act.

4.2. PURPOSE

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

4.3. ACTIVITIES

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

Activity 1: Complete the review of the National Greenhouse and Energy Reporting legislation by December 2018

- In December 2018, the Authority released its first review of the National Greenhouse and Energy Reporting legislation. The legislation requires Australia's largest companies to measure and report their greenhouse gas emissions and energy production and use each year. This information is used by decision makers in government and industry to develop effective responses to climate change and energy challenges. The legislation also implements the safeguard mechanism, which places limits on emissions from large facilities in the industrial and electricity sectors.
- The Authority found the legislation is operating well, is meeting its objectives and is generally fit for purpose. The reporting scheme has wide support from industry, governments and others, and the safeguard mechanism is working as intended.
- The Authority made recommendations to improve the scheme and increase its overall efficiency and effectiveness. Of the review's 20 recommendations, the Government accepted 11 in full, one in part, one in-principle and noted seven.

Activity 2: Self-generated research and analysis

- In the first half of 2019, the Authority commenced work on self-generated research and analysis to update its advice to the Australian Government on policies to meet Australia's emissions reduction commitments under the Paris Agreement. This work will update advice the Authority previously provided the Government, particularly in the *2016 Special Review of Australia's climate goals and policies: Towards a policy toolkit*. The update will take into account developments in Australia and around the world in terms of the economics and science of climate change.
- As inputs to this work, in March 2019 the Authority released two stocktake documents summarising current Australian and international climate change policies. The Authority also prepared a third stocktake document summarising drivers for, and actions by, industry to reduce greenhouse gas emissions in Australia, including new and emerging low emissions technologies. This third stocktake was released in July 2019.

Source: Programme 1.1, 2018–19 Portfolio Budget Statement, p.195; Corporate Plan 2018–19

4.4. ASSESSMENT OF THE AUTHORITY'S PERFORMANCE

In line with the 2018–19 Portfolio Budget Statements and the Authority's 2018–2019 Corporate Plan, the Authority has assessed its performance in 2018–19 against the following indicators:

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

Over the year, the Authority provided expert advice to the Australian Government through its review of the National Greenhouse and Energy Reporting scheme, as well as its publication of the Australian and international climate policy stocktakes. It also prepared a third stocktake document on industry action to reduce emissions and made a start on the self-initiated research to update its advice to Government on policies to meet Australia's emissions reduction commitments under the Paris Agreement. This report will be finalised and assessed in the 2019–20 reporting period. The advice provided was timely, drew on the best available knowledge and was informed by a broad range of expertise and perspectives. The reports have informed public discussion and decision making on climate policy. The Authority has gone about its work in a transparent way and its findings were the result of independent decision making by Authority members, supported by an expert secretariat. The analysis in Table 1 indicates the Authority has met or is on track to meet its performance targets.

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

An illustration of the impact of the Authority's work on policy development is the publication of a statement of opportunities for the Australian Carbon Credit Unit (ACCU) market by the Clean Energy Regulator. This was a response to the Authority's recommendation in its review of the Emissions Reduction Fund published in December 2017. The statement of opportunities provides information on the sources of demand for ACCUs to help build the market for ACCUs.

The Authority's previous work and findings are also frequently referenced in the media, research reports by other organisations and in Parliamentary processes, illustrating the ongoing influence of the Authority. In the lead up to the 2019 Federal election there were frequent references in the media and at high-profile conferences to the Authority's past recommendations on Australia's emissions reduction targets published in 2014 in the *Targets and Progress* review. The *2016 Special Review of Australia's climate goals and policies: Towards a policy toolkit*, which looked at the policies needed to deliver on the Paris Agreement and the 2014 report on *Light vehicle emissions standards for Australia* were also cited in the media.

In July 2019, the Authority conducted a survey of stakeholders that had engaged with the Authority in the past to help assess the consultation process. Analysis of 41 survey responses showed that the Authority's consultation processes over the period 2017 to 2019 were highly regarded by stakeholders, with 80 per cent of stakeholders responding they were satisfied (including very satisfied). Over 80 per cent of stakeholders responded that they found the secretariat professional in the way it conducted stakeholder consultations and 90 per cent of stakeholders found the purpose of the consultations clear.

4.5. REPORT ON PERFORMANCE

TABLE 1: PERFORMANCE INFORMATION

ACTIVITY: REVIEW OF THE NATIONAL GREENHOUSE AND ENERGY REPORTING LEGISLATION

KEY PERFORMANCE INDICATOR	
<ul style="list-style-type: none"> The Authority's advice is timely, high quality, well-received by stakeholders, and used in public policy forums and discussions. The Authority's public consultation processes are transparent, accessible and highly regarded by stakeholders. The Authority's secretariat supports effective decision making by the Authority. 	
ASSESSMENT	
Target: Finalise review of the National Greenhouse and Energy Reporting legislation by 31 December 2018	Met
<p>The review was released on 21 December 2018, before the legislated due date.</p>	
Target: Advice draws on the best available knowledge and is informed by a broad range of perspectives	Met
<p>In preparing the review the Authority drew on a range of information sources, both international and domestic literature, and the Authority's own research and analysis. The review references over 100 citations. The review also drew heavily on written submissions and stakeholder meetings. The Authority received 40 submissions in response to the consultation paper and also met with over 80 different organisations.</p> <p>The Authority spoke to representatives from industry, all levels of government, service providers assisting companies meet their obligations, peak body representatives and users of the greenhouse and energy data. The Authority also consulted extensively with the Clean Energy Regulator, which is responsible for administering the National Greenhouse and Energy Reporting scheme, and the Department of the Environment and Energy which is responsible for policy development.</p> <p>The diverse range of views collected through consultations and written submissions received are reflected in the review's content, which has 40 references to stakeholder submissions.</p> <p>The Authority also undertook a comprehensive fact checking process internally and engaged with experts during the development of the review report and its recommendations. The Authority's findings were a result of independent decision making by Authority members, supported by the secretariat.</p>	
Target: Government considers the Authority's findings and recommendations in developing and implementing policy	Met
<p>In response to requests about the review's findings and recommendations, the Authority has spoken with officials from Government agencies including the Department of the Environment and Energy and the Clean Energy Regulator.</p> <p>In July 2019, the Government tabled a response to the Authority's review in Parliament (as required by the <i>Climate Change Authority Act 2011</i>). Of the review's 20 recommendations, the Government accepted 11 in full, one in part, one in-principle and has noted seven. Overall, the Government accepted recommendations to improve administration of the scheme and utility of the information that the NGER scheme collects.</p>	

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

The review was placed on the Authority's website on 21 December 2018. It has generated significant interest having been downloaded over 620 times. Due to the timing of the release of the report shortly before Christmas, there was limited reporting on the release of the final report. It was reported on by *Footprint*. The release of the consultation paper and submissions to the review was reported on by *Carbon Pulse*, *Footprint* and the *Weekend West*.

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

Public consultation was comprehensive and representative, with the Authority meeting or talking to individuals from more than 80 organisations. The Authority spoke to representatives from industry, peak body representatives, all levels of government, service providers assisting companies meet their obligations and users of the greenhouse and energy data. The Authority also consulted extensively with the Clean Energy Regulator, which is responsible for administering the National Greenhouse and Energy Reporting scheme, and the Department of the Environment and Energy, which is responsible for policy development.

Public consultation was transparent. The Authority released a consultation paper on its website in July 2018, disseminated it to interested parties that had subscribed to the Authority's emails and also directly targeted other relevant individuals and organisations. 40 written submissions were received and are available on the Authority's website (other than those submissions marked as confidential). The Authority sought stakeholder views through roundtables and individual meetings across Australia.

A survey conducted in July 2019 of individuals and organisations with which the Authority has consulted with, either through meetings or receiving written submissions, found 80 per cent of stakeholders were satisfied or very satisfied with the Authority's consultation processes. In particular, 95 per cent of respondents that engaged with the Authority on the review of the National Greenhouse and Energy Reporting scheme found the secretariat to have been professional in conducting the review and 90 per cent of respondents found the purpose of the consultation clear.

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

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

A review and self-evaluation of the effectiveness of the Authority conducted in February 2019 found that there was strong agreement that the Authority is operating effectively and is well supported by the secretariat. The members agreed that the secretariat provides the information needed to make decisions. It was also widely agreed that the Authority's work is evidence based, independent and meaningful.

ACTIVITY: STOCKTAKE PAPERS**KPI**

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

ASSESSMENT

Target: Finalise three stocktake papers in the first half of 2019

Met

The first two stocktake papers on Australian and International climate policies were released on 8 March 2019. The final stocktake on industry action was published on 11 July 2019. The timing of these releases allows for stakeholders to consider the content of the stocktakes before participating in the consultation process for the report on updating the Authority's advice to Government on meeting commitments under the Paris Agreement.

Target: Stocktakes reflect relevant and current available information, informed by a broad range of sources

Met

The intention of the three stocktake documents was to establish an information base to be used for the updating of advice to Government later in 2019. The stocktake documents were developed through desktop research and targeted consultations. The three stocktakes on Australian and international policies, and industry action included 108, 136, and 296 citations respectively, reflecting the extensive research undertaken.

The Authority also undertook a comprehensive fact checking process internally and engaged with experts through the drafting of the stocktakes to ensure the accuracy of the information.

On publishing the stocktakes, the Authority invited stakeholders to provide further information to enhance the completeness and accuracy of the stocktakes. Two submissions were received in response to the first two stocktakes. These submissions provided further detail on specific issues rather than to correct information in the stocktakes.

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

Partially Met

The two stocktake documents published on 8 March 2019 were not widely publicised. The Australian policy stocktake, however, has been referenced by the Climate Action Tracker, a prominent international information source on climate change targets and policies. The Australian policy and international action stocktakes have been downloaded over 370 and 180 times respectively. The stocktake of industry action, published on 11 July, has been downloaded over 100 times.

Target: Authority members express satisfaction with secretariat's work

Met

The Authority members, including the Chair, have provided positive feedback to the secretariat on each of the stocktakes. In particular, Authority members were very impressed with the information provided in the stocktake of industry action.

ACTIVITY: RESEARCH REPORT: UPDATING ADVICE TO GOVERNMENT ON MEETING COMMITMENTS UNDER THE PARIS AGREEMENT**KPI**

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

ASSESSMENT**Target: Finalise the research report within set timelines****Postponed**

As this is not a legislated review there is no set due date, however the Authority has made public statements about releasing the report in 2019.

The Authority made good progress on the research for the report in the first half of 2019, releasing a consultation paper on 11 July. The consultation paper has been downloaded over 550 times.

To ensure the report can take account of the latest emissions projections, which are expected to be released in late 2019, the Authority agreed that publication of the report should be postponed to late January or early February.

Target: Advice draws on the best available knowledge and is informed by a broad range of perspectives**On track to meet**

The Authority's report will build extensively on the 2016 *Special Review of Australia's climate goals and policies: Towards a policy toolkit*, other reports by the Authority, and also the research conducted for the three stocktake documents. In addition to this, the Authority intends to undertake further desktop research drawing on work by industry, government, think tanks and academics, both domestic and international.

The Authority is also undertaking an extensive consultation process, detailed below.

The Authority's project planning includes time to undertake a comprehensive fact checking process.

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

The Authority considers the research will help inform policy development. The Authority will engage with relevant Government departments to ensure they fully understand the research and the Authority will ensure it is available to meet any requests for information arising from the report and its recommendations.

Target: The Authority's research and analysis influences the public policy debate on climate change issues**On track to meet**

The research report will be placed on the Authority's website once completed. Interested stakeholders will be notified of the publication of the report. The Authority will continue to meet any requests for information from the public arising from the report and its recommendations.

Target: Public consultation is comprehensive, representative and transparent**On track to meet**

The Authority is undertaking an extensive consultation process. The Authority has reached out to organisations including representatives from industry, academia, research groups, non-government organisations and all levels of government. At the end of August 2019, the Authority had met with 47 organisations.

The Authority has sought written submissions from stakeholders, sending a notification regarding the review process to over 600 potentially interested parties. The notification regarding consultation is also prominent on the Authority's website, inviting interested parties to contact the Authority.

Target: Authority members express satisfaction with secretariat's work**On track to meet**

The Authority members and the Chair have expressed satisfaction with the early stages of preparing the research report. Initial draft chapters elicited the comment "This is a highly valuable resource for Australia. Very useful to have all this information in one spot."

MANAGEMENT AND ACCOUNTABILITY

5

5.1. CORPORATE GOVERNANCE

The Climate Change Authority is a non-corporate independent statutory authority comprising a Chair and up to eight members. The Authority is supported by a CEO and six other staff (as at 30 June 2019).

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

The Authority's CEO is responsible for its day-to-day administration. During 2018–19, the CEO was supported by the acting General Manager Reviews and a Chief Finance Officer. This group comprises the Authority's executive management team.

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

The Authority's recently published corporate plan covers the periods 2019–20 to 2022–23. It was prepared in accordance with the requirements of the PGPA Act. This plan, along with the governance, direction and compliance requirements of the PGPA Act and the Public Service Act 1999, provides the Authority with a strong corporate governance environment.

5.1.1 RISK MANAGEMENT

The Authority recognises that effective risk management is a key element in effective governance. An ongoing major focus for 2018–19 was to ensure that risk management was maintained as an organisation-wide priority and to further embed Authority risk management practices.

The Authority updated its Risk Management Policy and Framework, with the revised version endorsed by the Audit Committee in March 2019. The Chief Finance Officer is responsible for maintaining the Strategic Risk Profile. Individual risk action plans are maintained that identify the current risk profile, current controls and agreed management actions. The Strategic Risk Profile and risk action plans are updated and any changes in the risk profile or key risks are reported to the executive management team and Audit Committee on a regular basis.

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

5.1.2 FRAUD CONTROL

The Authority updated its Fraud Control Plan, with the revised version endorsed by the Audit Committee in March 2019. The plan complies with the requirements of the Commonwealth Fraud Control Policy and PGPA Act. The Fraud Control Plan sets the standards and processes for the management, control and reporting of actual fraud, suspected fraud and the risk of fraud. All suspected fraud matters are required to be reported to the CEO and Audit Committee.

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

There were no incidents of suspected or actual fraud in 2018–19.

5.1.3 ASSETS AND ASSET MANAGEMENT

In 2018–19, the Authority did not manage assets. All assets were transferred to the Department of the Environment and Energy in September 2016, following the Authority’s move from Melbourne to Canberra.

5.1.4 SHARED SERVICES

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

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

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

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

5.1.5 INTERNAL AUDIT

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

In 2018–19, there were two committee member resignations in Ms Linda Nitschke and Mr Chris Ramsden. In February 2019, Mr Robert Hanlon was appointed.

The Audit Committee met twice during the year—on 7 September 2018 and 29 March 2019, with member attendance detailed in Table 5.1.

TABLE 5.1: AUDIT COMMITTEE MEMBERS & ATTENDANCE

7 SEPTEMBER 2018	29 MARCH 2019
Ms Jo Schumann (Chair)	Ms Jo Schumann (Chair)
Ms Sita Jackson	Ms Sita Jackson
Mr John Begley on behalf of Ms Linda Nitschke	Mr Robert Hanlon
Mr Chris Ramsden	

For 2018–19, the major business of the committee focused on reviewing or approving the Authority’s governance arrangements including:

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

5.1.6 EXTERNAL SCRUTINY

During 2018–19:

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

5.1.7 ETHICAL STANDARDS

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

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

During 2018–19, the Authority maintained a range of measures to promote ethical standards and all employees were provided with a copy of the Australian Public Service Values and Code of Conduct as well as the Duties of Officials under the *Public Governance and Accountability Act 2013*.

5.1.8 FREEDOM OF INFORMATION

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

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

5.1.9 ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

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

In 2018–19, the Authority continued a range of measures contributing to ecologically sustainable measures including:

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

5.2. FINANCIAL OVERVIEW

5.2.1 FINANCIAL PERFORMANCE

The Authority met all of its financial obligations in 2018–19.

5.2.2 RESOURCE STATEMENT 2018-19

TABLE 5.2: RESOURCE STATEMENT 2018-19

AGENCY RESOURCE STATEMENT 2018-19				
	ACTUAL AVAILABLE APPROPRIATION 2018-19	PAYMENTS MADE 2018-19	BALANCE REMAINING	
	\$'000	\$'000	\$'000	
Ordinary annual services				
S.74 relevant agency receipts ¹ 2017-18	305	305		0
Carry forward 2017-18	305	305		0
S.74 relevant agency receipts ¹	1,555	1,410		145
Total ordinary annual services	1,555	1,410		145
TOTAL RESOURCING AND PAYMENTS	1,860	1,715		145

¹ Receipts received under s. 74 of the *Public Governance, Performance and Accountability Act 2013*. Remaining balance will be applied to meeting the future settlement of current period expenses and provisions.

5.2.3 PURCHASING

In 2018-19, the Authority sourced all goods and services in accordance with the principles set out in the Commonwealth Procurement Rules 2014.

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

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

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

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

All competitive tenders and contracts over \$10,000 led by the Authority during 2018-19 were listed on AusTender.

During 2018-19, the Authority did not enter into any new contracts over \$10,000.

5.2.4 CONSULTANCIES

The Authority engages consultants when specialist expertise is required.

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

During 2018–19, there were no new consultancy contracts entered into by the Authority.

No procurement contracts were open during the reporting period.

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

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

5.2.5 ADVERTISING AND MARKET RESEARCH

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

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

During 2018–19, the Authority made no payments that were over the reportable threshold for these services and conducted no advertising campaigns.

5.2.6 GRANT PROGRAMMES

The Authority did not administer any grant programmes in 2018–19.

5.3. MANAGEMENT OF HUMAN RESOURCES

At 30 June 2019, the Authority had seven employees, all ongoing. All Authority staff are located in Canberra.

Ms Gayle Milnes was the acting CEO of the Authority from 23 July 2018 through to 16 November 2018. Mr Brad Archer was the acting CEO of the Authority from 26 November 2018 until his five year appointment commenced on 1 April 2019.

In 2018–19, the Authority had no non-ongoing or ongoing employees who identified as Indigenous.

5.3.1 STAFFING STATISTICS

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

TABLE 5.3: CLIMATE CHANGE AUTHORITY STAFF NUMBERS BY CLASSIFICATION, GENDER AND EMPLOYMENT STATUS, 30 JUNE 2019

CLASSIFICATION	FEMALE		MALE		TOTAL
	Full-time	Part-time	Full-time	Part-time	
CEO	0	0	1	0	1
SES Band 1	0	0	0	0	0
Executive Level 2	2	0	0	0	2
Executive Level 1	1	1	0	0	2
APS 6	1	0	1	0	2
Total	4	1	2	0	7

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

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

Source: DCCEE Enterprise Agreement 2011–2014

5.3.2 REMUNERATION FOR CEO AND SENIOR EXECUTIVE SERVICE

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

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

There were no Senior Executive Service officers employed at the Authority at 30 June 2019. Senior Executive Service officers, when employed, are employed under the *Public Service Act 1999*. There was one acting Senior Executive Officer during the financial year whose conditions were determined in accordance with the former Department of Climate Change and Energy Efficiency SES Employment Conditions handbook.

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

5.3.3 REMUNERATION FOR AUTHORITY CHAIR AND MEMBERS

The remuneration of the Authority Chair and members is governed by section 25 of the *Climate Change Authority Act 2011* and the Remuneration Tribunal. Authority members receive an annual salary, and members appointed prior to 12 February 2018 receive meeting fees for attendance at official Authority meetings. Dr Alan Finkel is an ex officio member of the Authority and is not remunerated for his role. Ms Kate Carnell was a statutory office-holder in the Commonwealth during the reporting period and did not receive remuneration from the Authority. Table 5.5 shows remuneration levels of the Authority Chair and members as at 30 June 2019.

TABLE 5.5: REMUNERATION OF CLIMATE CHANGE AUTHORITY MEMBERS, 30 JUNE 2019

MEMBER STATUS	BASE SALARY—ANNUAL	MEETING FEES
Chair	\$59,780	\$1,143
Members	\$29,890	\$915

5.3.4 EMPLOYMENT ARRANGEMENTS

Upon establishment, the then CEO of the Authority made a determination under subsection 24(1) of the *Public Service Act 1999* stating that all non-SES Authority staff were to be employed under the conditions of the Department of Climate Change and Energy Efficiency Enterprise Agreement 2011–2014. This arrangement continued throughout 2018–19.

In 2018–19, no non-SES staff members were employed on individual flexibility arrangements.

No employee of the Authority was employed under performance-based remuneration conditions in 2018–19.

5.3.5 CONSULTATIVE ARRANGEMENTS

An advantage of a small agency is that frequent, direct consultation between management and employees is possible. This occurred on a regular basis in 2018–19, including through the CEO's all staff meetings, executive team management meetings and regular team meetings.

5.3.6 PERFORMANCE MANAGEMENT

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

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

5.3.7 LEARNING AND DEVELOPMENT

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

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

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

In 2018–19, four employees received study assistance in the form of paid leave and assistance with fees.

5.3.8 WORK HEALTH AND SAFETY

No formal work health and safety investigations were conducted during the year and there were no notifiable incidents. No notices under Part 10 of the *Work Health Safety Act 2011* were given to the Authority during 2018–19.

During 2018–19, work health and safety initiatives included:

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

There were no claims for injury in 2018–19 and no return-to-work programmes conducted.

5.3.9 EMPLOYEE ASSISTANCE PROGRAMME

The Authority was able to provide through its shared service arrangement with the Department of the Environment and Energy, its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues.

5.3.10 WORKPLACE DIVERSITY

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

5.3.11 DISABILITY REPORTING

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

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



APPENDIX A AUDITED FINANCIAL STATEMENTS



CONTENTS

INDEPENDENT AUDITOR'S REPORT	30
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER	32
STATEMENT OF COMPREHENSIVE INCOME	33
STATEMENT OF FINANCIAL POSITION	34
STATEMENT OF CHANGES IN EQUITY	35
CASH FLOW STATEMENT	36
NOTES TO THE FINANCIAL STATEMENTS	37



INDEPENDENT AUDITOR'S REPORT

To the Minister for Energy and Emissions Reduction

Opinion

In my opinion, the financial statements of the Climate Change Authority ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

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

Basis for Opinion

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

Accountable Authority's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

20 September 2019



Australian Government
Climate Change Authority

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

A handwritten signature in black ink, appearing to read 'Brad Archibald'.

Brad Archibald
Chief Executive Officer

20 September 2019

A handwritten signature in black ink, appearing to read 'Tracey Vassallo'.

Tracey Vassallo
Chief Finance Officer

20 September 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

		2019	2018	ORIGINAL BUDGET 2019
	NOTES	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	3A	1,449	1,517	1,056
Suppliers	3B	420	456	499
Total Expenses		1,869	1,973	1,555
Own-source revenue				
Payments from Portfolio Department	4	1,555	1,566	1,555
Other revenue		-	3	-
Resources received free of charge	5	168	60	-
Total own-source revenue		1,723	1,629	1,555
Net cost of services		(146)	(344)	-
Surplus/(Deficit) attributable to the Australian Government		(146)	(344)	-
Total comprehensive income/(loss) attributable to the Australian Government		(146)	(344)	-

Budget Variances Commentary

This commentary is based on the original 2018-2019 budget in the Portfolio Budget Statements.

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		2019	2018	ORIGINAL BUDGET
	Notes	\$'000	\$'000	2019 \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		695	801	-
Trade and other receivables	6	59	68	-
Total financial assets		754	869	-
Total Assets		754	869	-
LIABILITIES				
Payables				
Suppliers		342	59	-
Other payables		10	11	-
Total payables		352	70	-
Provisions				
Employee provisions	7	257	508	-
Total provisions		257	508	-
Total liabilities		609	578	-
Net Assets		145	291	-
EQUITY				
Contributed equity		1,087	1,087	-
Accumulated deficit		(942)	(796)	-
Total Equity		145	291	-

Budget Variances Commentary

This commentary is based on the original 2018-2019 budget in the Portfolio Budget Statements.

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

The Authority continues to maintain a positive net asset position.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	RETAINED EARNINGS		ORIGINAL BUDGET	CONTRIBUTED EQUITY		ORIGINAL BUDGET	TOTAL EQUITY		ORIGINAL BUDGET
	2019	2018	2019	2019	2018	2019	2019	2018	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance									
Balance carried forward from previous period	(796)	(452)	(1,310)	1,087	1,087	1,315	291	635	5
Adjusted opening balance	(796)	(452)	(1,310)	1,087	1,087	1,315	291	635	5
Comprehensive Income/(Deficit)									
Surplus/(Deficit) for the period	(146)	(344)	-	-	-	-	(146)	(344)	-
Total comprehensive income/(deficit)	(146)	(344)	-	-	-	-	(146)	(344)	-
Transactions with owners									
Distribution to owners									
Distribution of equity	-	-	1,310	-	-	-	-	-	1,310
Contributions by owners									
Equity injection	-	-	-	-	-	(1,315)	-	-	(1,315)
Total transactions with owners	-	-	1,310	-	-	-	-	-	(5)
Closing balance as at 30 June	(942)	(796)	-	1,087	1,087	1,315	145	291	-
Closing balance attributable to the Australian Government	(942)	(796)	-	1,087	1,087	1,315	145	291	-

Accounting Policy

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

Budget Variances Commentary

This commentary is based on the original 2018-2019 budget in the Portfolio Budget Statements.

The Authority continues to maintain a positive balance attributable to the Australian Government position.

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

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

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2019

	2019	2018	ORIGINAL BUDGET
	\$'000	\$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts for services rendered	1,571	1,462	1,555
Net GST received	-	17	13
Total cash received	1,571	1,479	1,568
Cash used			
Employees	1,411	1,491	1,467
Net GST Paid	2	-	-
Suppliers	264	318	592
s74 Retained revenue receipts transferred to OPA	-	-	5
Total cash used	1,677	1,809	2,064
Net cash from (used by) operating activities	(106)	(330)	(496)
Net increase (decrease) in cash held	(106)	(330)	(496)
Cash and cash equivalents at the beginning of the reporting period	801	1,131	496
Cash and cash equivalents at the end of the reporting period	695	801	-

Budget Variances Commentary

This commentary is based on the original 2018-2019 budget in the Portfolio Budget Statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: OVERVIEW	38
NOTE 2: EVENTS AFTER THE REPORTING PERIOD	39
NOTE 3: EXPENSES	39
NOTE 4: PAYMENTS FROM PORTFOLIO DEPARTMENT	41
NOTE 5: RESOURCES RECEIVED FREE OF CHARGE	41
NOTE 6: TRADE AND OTHER RECEIVABLES	41
NOTE 7: EMPLOYEE PROVISIONS	42
NOTE 8: MANAGING UNCERTAINTIES	43
NOTE 9: KEY MANAGEMENT PERSONNEL REMUNERATION	43
NOTE 10: CATEGORIES OF FINANCIAL INSTRUMENTS	44
NOTE 11: AGGREGATE ASSETS AND LIABILITIES	45
NOTE 12: APPROPRIATIONS	46

NOTE 1: OVERVIEW

1.1 OBJECTIVES OF THE CLIMATE CHANGE AUTHORITY

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

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

The Authority is structured to meet a single outcome:

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

Prior to the 2019-20 Federal Budget it was Government policy to wind up the Authority during the term of the then current Parliament. Consequently all liabilities in the financial statements were considered to be current. The Authority's financial statements were, however, prepared on a going concern basis as the legislation required to implement the Government's policy was not passed by the previous Parliament and had lapsed. In the 2019-20 Federal Budget, the Government made a decision to retain the Authority.

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

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared in accordance with:

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

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

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

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

1.4 NEW AUSTRALIAN ACCOUNTING STANDARDS NEW AND MODIFIED AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

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

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

1.5 TAXATION

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

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

At the date of signing, funding for the Authority is being determined with processes underway to ensure the financial stability of the Authority.

NOTE 3: EXPENSES

NOTE 3A: EMPLOYEE BENEFITS

	2019	2018
	\$'000	\$'000
Wages and salaries	1,259	1,168
Superannuation:		
Defined contribution plans	98	93
Defined benefits plans	123	106
Leave and other entitlements	(45)	136
Other expenses	14	14
Total employee benefits	1,449	1,517

Accounting Policy

Accounting Policies for employee related expenses are contained at Note 7.

NOTE 3B: SUPPLIERS

	2019	2018
	\$'000	\$'000
Goods and services supplied or rendered		
Consultants	50	50
Audit services (received free of charge)	62	60
Travel	69	37
Administrative services under MoU	78	103
Staffing & recruitment expenses	17	16
Property and related expenses	108	115
Sitting fees	11	16
Subscriptions	1	1
Other	16	47
Total goods and services supplied or rendered	412	445
Goods supplied	5	14
Services rendered	407	431
Total goods and services supplied or rendered	412	445
Other supplier expenses		
Workers compensation premiums	8	11
Total other suppliers expenses	8	11
Total suppliers	420	456

Accounting Policy

Leases

Following the Authority's move from Melbourne to Canberra in September 2016, the Authority no longer holds any leases. Previously operating lease payments were expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets. The Authority only had operating leases where the lessor effectively retained substantially all risks and benefits.

NOTE 4: PAYMENTS FROM PORTFOLIO DEPARTMENT

	2019	2018
	\$'000	\$'000
Payments from Portfolio Department	1,555	1,566
Total Payments from Portfolio Department	1,555	1,566

Accounting Policy

There was no direct appropriation received during the financial year as the Authority's revenue is received through the Department of the Environment and Energy, and is recorded on the income statement as Payments from Portfolio Department. In 2017-18, Payments from Portfolio Department were recorded on the income statement as other revenue.

Other revenue

Other revenue is recognised when:

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

NOTE 5: RESOURCES RECEIVED FREE OF CHARGE

	2019	2018
	\$'000	\$'000
ANAO financial statements audit services	62	60
Accommodation from the Department of the Environment and Energy	106	-
Total resources received free of charge	168	60

Accounting Policy

Resources received free of charge are recognised 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.

NOTE 6: TRADE AND OTHER RECEIVABLES

	2019	2018
	\$'000	\$'000
Other receivables	55	66
GST receivable from the Australian Taxation Office	4	2
Total receivables	59	68
The Authority's credit terms	30 days	30 days

Accounting Policy

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

NOTE 7: EMPLOYEE PROVISIONS

	2019	2018
	\$'000	\$'000
Leave	257	508
Total employee provisions	257	508

Accounting Policy*Employee Benefits*

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

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

Leave

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

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

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

Separation and Redundancy

The Authority recognises a provision for separation and redundancy when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. There were no redundancy payments in 2018-19.

Superannuation

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

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

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

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

NOTE 8: MANAGING UNCERTAINTIES

The Authority had no quantifiable contingencies at either 30 June 2019 or 2018.

The Authority had no unquantifiable contingencies at either 30 June 2019 or 2018.

Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but when they exist are reported in the 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.

NOTE 9: KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2019	2018
	\$'000	\$'000
Short-term employee benefits:		
Salary	283	289
Allowances	-	-
Total short-term employee benefits	283	289
Post-employment benefits		
Superannuation	47	52
Total post-employment benefits	47	52
Other long-term employee benefits:		
Annual leave accrued	23	25
Long service leave accrued	4	8
Total other long-term employee benefits	27	33
Termination benefits	-	-
Total termination benefits	-	-
Total senior executive remuneration expenses	357	374

The total number of KMP that are included in the above table are 2. (2018:1). Two people occupied the position of CEO (at different times) during the financial year.

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

Related Party Disclosures*Related party relationships:*

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

Transactions with related parties:

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

NOTE 10: CATEGORIES OF FINANCIAL INSTRUMENTS

	2019	2018
	\$'000	\$'000
Financial assets under AASB 139		
Cash		801
Total financial assets under AASB 139		<u>801</u>
Financial assets under AASB 9		
Financial assets at amortised cost		
Cash	695	
Total assets at amortised cost	<u>695</u>	
Total financial assets		
Financial liabilities		
Financial liabilities measured at amortised cost		
Payables - suppliers	47	59
Total financial liabilities measured at amortised cost	<u>47</u>	<u>59</u>

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash		Held-to-maturity	Amortised cost	801	801
Total financial assets				801	801

Accounting Policy*Financial Assets**Cash and Cash Equivalents*

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

Trade and Other Receivables

Trade and other receivables are held for the purpose of collecting contractual cash flows. These receivables are measured, and carried, at amortised cost. They were also measured at amortised cost under the previous standard, AASB 139.

Impairment of Financial Assets

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

Financial Liabilities

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

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

All other financial liabilities for 2019 and 2018 are payable within one year.

NOTE 11: AGGREGATE ASSETS AND LIABILITIES

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months after the reporting period	754	869
More than 12 months after the reporting period	-	-
Total assets	754	869
Liabilities expected to be settled in:		
No more than 12 months after the reporting period	403	123
More than 12 months after the reporting period	205	455
Total Liabilities	608	578

NOTE 12: APPROPRIATIONS**NOTE 12A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE) FOR 2019**

	2019 APPROPRIATIONS					APPROPRIATION APPLIED IN 2019 (CURRENT AND PRIOR YEARS)	VARIANCE	SECTION 51 DETERMINATIONS
	APPROPRIATION ACT		PGPA ACT		TOTAL APPROPRIATION			
	ANNUAL APPROPRIATION	APPROPRIATION REDUCED	SECTION 74	SECTION 75				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Departmental								
Ordinary annual services	-	-	-	-	-	-	-	-
Total departmental	-	-	-	-	-	-	-	-

Prior year appropriations are represented in Table 12A. There are no current year appropriations received or applied.

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

NOTE 12A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE) FOR 2018

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

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

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

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

APPENDIX B EXECUTIVE REMUNERATION

B

KEY MANAGEMENT PERSONNEL

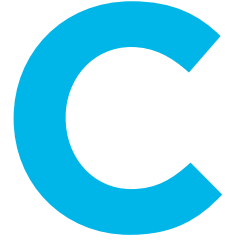
NAME	POSITION	TERM AS KMP
Mr Brad Archer	Chief Executive Officer	From 26 November 2018 onwards
Ms Gayle Milnes	A/g Chief Executive Officer	From 23 July 2018 to 16 November 2018

ANNUAL REPORT DISCLOSURE FOR KMP:

NAME	POSITION	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		TERMINATION BENEFITS (\$)	TOTAL REMUNERATION (\$)
		BASE SALARY (\$)	BONUSES (\$)	OTHER BENEFITS & ALLOWANCES (\$)	SUPERANNUATION CONTRIBUTIONS (\$)	LONG SERVICE LEAVE (\$)	OTHER LONG-TERM BENEFITS (\$)		
Mr Brad Archer	CEO	181,325	-	-	32,427	2,583	15,699	-	232,033
Ms Gayle Milnes	A/g CEO	101,334	-	-	14,177	1,070	7,852	-	124,433
Total		282,659	-	-	46,604	3,652	23,551	-	356,466

SENIOR EXECUTIVES:

REMUNERATION BAND	NUMBER OF SENIOR EXECUTIVES	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		TERMINATION BENEFITS	TOTAL REMUNERATION
		AVERAGE BASE SALARY (\$)	AVERAGE BONUSES (\$)	AVERAGE OTHER BENEFITS & ALLOWANCES (\$)	AVERAGE SUPERANNUATION CONTRIBUTIONS (\$)	AVERAGE LONG SERVICE LEAVE (\$)	AVERAGE OTHER LONG-TERM BENEFITS (\$)	AVERAGE TERMINATION BENEFITS (\$)	AVERAGE TOTAL REMUNERATION (\$)
220,000 – 245,000	1	196,244	-	-	36,264	1,364	-	-	233,872



APPENDIX C LIST OF REQUIREMENTS

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

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
	<i>External Scrutiny</i>		
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location.	Mandatory
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
Purchasing			
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Consultants			
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)		A statement that “ <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> ”.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)		A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory
<i>Australian National Audit Office Access Clauses</i>			
17AG(8)		If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<i>Small business</i>			
17AG(10)(a)		A statement that “[<i>Name of entity</i>] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
Financial Statements			
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)		A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)		Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)		Information required by other legislation.	Mandatory

GLOSSARY

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

TERM	MEANING
Emissions Reduction Target	Australia’s goal for national emissions in a specific year.
mitigation	A reduction in the source of greenhouse gases or enhancement of the sequestration (removals) for greenhouse gases.
National Greenhouse and Energy Reporting Scheme	Introduced in 2007, the scheme provides a single national framework for corporations to report on greenhouse gas emissions, energy use and energy production. Corporations that meet a National Greenhouse and Energy Reporting threshold must register and then report each year.
Remuneration Tribunal	An independent statutory authority established under the <i>Remuneration Tribunal Act 1973</i> that sets the remuneration for key Commonwealth offices.
Renewable Energy Target	Operates in two parts—the Small-scale Renewable Energy Scheme and the Large-scale Renewable Energy Target.
Targets and Progress Review	Recommended emissions reduction targets for Australia and reported on progress towards these targets. The Authority presented the final report to the government on 27 February 2014. The Authority’s role in advising the minister on emissions reduction targets has been repealed.

ABBREVIATIONS

Authority	Climate Change Authority
ACCUs	Australian Carbon Credit Units
APS	Australian Public Service
CEO	Chief Executive Officer of the Climate Change Authority
CER	Clean Energy Regulator
CFI	Carbon Farming Initiative
CTH	Commonwealth
DoEE	Department of the Environment and Energy
ERF	Emissions Reduction Fund
FOI Act	<i>Freedom of Information Act 1982</i>
GST	Goods and Services Tax
IPS	Information Publication Scheme
NGER	National Greenhouse and Energy Reporting system
RET	Renewable Energy Target
SES	Senior Executive Service
WHS	Work Health Safety

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