

Governance of Climate Change Commitments

Department of Climate Change, Energy, the Environment and Water

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Senior Executive Director
Corporate Management Group
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Or via email:

communication@anao.gov.au.



Canberra ACT
15 January 2024

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Climate Change, Energy, the Environment and Water. The report is titled *Governance of Climate Change Commitments*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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For further information contact:
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Phone: (02) 6203 7300
Email: ag1@anao.gov.au

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Audit team

Sam Khaw
Jemimah Hamilton
Hayley Pang
Jacqueline Hedditch
Corinne Horton

Contents

Summary and recommendations.....	7
Background	7
Conclusion	8
Supporting findings.....	9
Recommendations.....	10
Summary of entity response.....	11
Key messages from this audit for all Australian Government entities	11
Audit findings.....	13
1. Background	14
Introduction	14
International reporting framework and requirements	16
Australia's updated climate change commitments	17
Status of climate change targets and commitments	17
Rationale for undertaking the audit	18
Audit approach	18
2. Oversight and risk.....	20
Does DCCEEW have a fit-for-purpose strategy supporting the management of its program of work?	20
Has DCCEEW established effective oversight arrangements for its program of work?	26
Does DCCEEW assess and consider risk in ongoing planning and implementation arrangements?	30
Does DCCEEW produce and provide appropriate information to support climate risk-based decision-making?	33
3. Coordination and reporting	37
Does DCCEEW have appropriate arrangements for cross-entity coordination to reduce conflicts and duplication of effort?	38
Does DCCEEW have an appropriate approach to managing stakeholder coordination and communication?	40
Does DCCEEW make relevant performance information clear and accessible?	46
Appendices	59
Appendix 1 Entity response	60
Appendix 2 Improvements observed by the ANAO	64
Appendix 3 Powering Australia Tracker.....	65
Appendix 4 Records management.....	72



Audit snapshot

Auditor-General Report No.10 2023–24

Governance of Climate Change Commitments



Why did we do this audit?

- ▶ In 2022, the Australian Government increased Australia's commitments to reduce emissions and limit the impact of climate change under the Paris Agreement of the United Nations Framework Convention on Climate Change.
- ▶ Meeting Australia's climate change commitments requires a well-planned, coordinated approach to action across government, industry, and community.
- ▶ The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is responsible for leading the national effort on climate mitigation and adaptation strategies, policies, and activities.



Key facts

- ▶ Australia's legislated commitments are to achieve net zero emissions by 2050 and to reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030.



What did we find?

- ▶ DCCEEW has partly effective arrangements supporting the implementation of the Australian Government's climate change commitments.
- ▶ Key components including national plans, strategies, and frameworks are yet to be delivered for use.
- ▶ DCCEEW reports annually on progress towards targets, however are unable to demonstrate the extent to which specific Australian Government policies and programs have contributed or are expected to contribute towards overall emissions reduction.



What did we recommend?

- ▶ There were five recommendations to DCCEEW aimed at developing a strategic approach to enable measurement of activities to the achievement of Australia's climate change commitments; and effectively managing risk, communication, and records.
- ▶ DCCEEW agreed to all five recommendations.

102 measures

currently being tracked by DCCEEW as part of its key climate change and energy program of work.

42% reduction

on 2005 greenhouse gas emission levels by 2030 projected under the 'additional measures' scenario of DCCEEW's 2023 emissions projections.

\$2.68bn

allocated in the October 2022–23 Budget to measures that were originally identified in the Powering Australia Plan.

Summary and recommendations

Background

1. The United Nations defines climate change as long-term shifts in temperatures and weather patterns that can be natural but are increasingly driven by human activities.¹
2. Actions to address climate change risk fall into two broad categories: mitigation and adaptation. Mitigation involves limiting changes to the climate by reducing greenhouse gas emissions. Adaptation involves adjusting systems to anticipate and respond to climate and its effects, both to moderate harm and to exploit beneficial opportunities. The latest synthesis report from the Intergovernmental Panel on Climate Change states that climate resilient development involves both adaptation and mitigation.²
3. The Department of Climate Change, Energy, the Environment and Water (DCCEEW) was formed on 1 July 2022. DCCEEW is the entity leading and delivering the Australian Government's agenda across climate change, energy, the environment, heritage, and water.
4. DCCEEW's purpose as it relates to climate change is to 'drive Australian climate action [and] transform Australia's energy system to support net zero emissions while maintaining its affordability, security and reliability'. DCCEEW is responsible for matters relating to the development and coordination of domestic and international climate action, policy, strategy, and reporting.
5. In September 2022, the Australian Parliament passed two pieces of legislation that formalised Australia's updated commitments to reduce emissions under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC).³ The updated commitments were to:
 - achieve net zero emissions by 2050 (net zero by 2050); and
 - reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030 (2030 target).⁴

Rationale for undertaking the audit

6. Since May 2022, the Australian Government has made organisational and structural changes reflecting its investment in climate change policy matters. There are many stakeholders across government, industry, and the community that have interests in DCCEEW's effective management and delivery of this body of work.
7. This audit provides assurance to Parliament on the effectiveness of DCCEEW's governance arrangements supporting the implementation of the Australian Government's climate change

1 United Nations Climate Action, 'What Is Climate Change?' [Internet], United Nations Climate Action, available from <https://www.un.org/en/climatechange/what-is-climate-change> [accessed 4 August 2023].

2 Intergovernmental Panel on Climate Change, *Climate Change 2023 Synthesis Report*, IPCC, Switzerland, 2023, p. 24.

3 *Climate Change Act 2022* and the *Climate Change (Consequential Amendments) Act 2022*.

4 Section 10 of the *Climate Change Act 2022*; and section 2 of the *Climate Change (Consequential Amendments) Act 2022*.

commitments, including its arrangements to assess and measure implementation, coordination, risk management, and performance.

Audit objective and criteria

8. The objective of this audit was to assess the effectiveness of the Department of Climate Change, Energy, the Environment and Water's governance arrangements supporting the implementation of the Australian Government's climate change commitments.

9. To form a conclusion against the objective, the following criteria were adopted.

- Are there appropriate risk-based oversight arrangements and management strategies?
- Have effective coordination arrangements been established?

10. The audit focused on DCCEEW's arrangements for effective strategic oversight and coordination of climate policies to meet Australia's overarching commitments, including DCCEEW's consideration of available emissions data and risk in the planning and delivery of climate change policy and programs.

11. The audit did not assess Australia's accounting and reporting of past and future emissions.⁵ The audit also did not assess the design of all climate policies and mechanisms, including offsetting, related compliance and regulatory activities, and underlying scientific research.

Conclusion

12. DCCEEW's governance arrangements to support the implementation of the Australian Government's climate change commitments are partly effective with some components including national plans, strategies, and frameworks yet to be delivered. DCCEEW reports annually on progress towards targets, however is unable to demonstrate the extent to which specific Australian Government policies and programs have contributed or are expected to contribute towards overall emissions reduction.

13. DCCEEW has partly appropriate oversight arrangements and risk management strategies to support the Australian Government's climate change commitments. DCCEEW established governance arrangements for oversight of its Powering Australia program of work and provides support for other cross-portfolio arrangements in climate- and energy-related work intended to achieve Australia's climate change commitments. DCCEEW's internal governance arrangements include a project board that examines implementation risk for high priority measures in the Powering Australia program of work. DCCEEW has not delivered planned climate risk strategies and frameworks for use by Australian Government entities, including by DCCEEW in its own business.

14. DCCEEW has established partly effective coordination and reporting arrangements. Cross-entity coordination arrangements and activities provide information on measures within the Powering Australia program of work, however DCCEEW cannot demonstrate that arrangements are fulfilling their intended role. Arrangements for managing stakeholder coordination and communication for the Powering Australia program of work have not yet been

5 In 2017, the Auditor-General tabled *Accounting and Reporting of Australia's Greenhouse Gas Emissions Estimates and Projections*.

finalised. DCCEEW utilises existing arrangements for reporting national progress on climate change, which occurs on an annual basis. This reporting occurs at a high, aggregate level. There is no consolidated policy- and program-level reporting on progress, evaluation, and decision-making across the Powering Australia program of work.

Supporting findings

Oversight and risk

15. There is no overarching strategy supporting the management of the Powering Australia program of work. DCCEEW is continuing to develop and refine its approach to supporting the achievement of Australia's climate change commitments. DCCEEW's climate and energy work is intended to underpin the achievement of the Australian Government's commitment to reduce emissions. National plans and frameworks are intended to be developed to support DCCEEW's strategic approach to defining and delivering results and objectives in the context of Australia's climate change commitments. (See paragraphs 2.2 to 2.28)

16. DCCEEW established departmental oversight arrangements for the Powering Australia program of work. Interdepartmental oversight arrangements and roles continue to evolve while an increasing number of measures are added to the program of work for DCCEEW to monitor. DCCEEW has adjusted some of its arrangements in response to changes to the broader governance structure across the climate and energy agenda. An assessment of the effectiveness of the arrangements is limited by the availability of records across governance bodies and oversight mechanisms. (See paragraphs 2.31 to 2.40)

17. DCCEEW established its enterprise risk management frameworks and procedures in March 2023, nine months after the entity was formed. There has been no reassessment of the Powering Australia program of work against the new framework. In May 2023, DCCEEW established a project board to assess and consider implementation risk to projects within the Powering Australia program of work. This board has considered 12 high priority projects in the delivery stage as of October 2023. (See paragraphs 2.43 to 2.61)

18. Whole-of-government initiatives led by DCCEEW to produce information to support climate risk-based decision-making have commenced. The Climate Impact Statements program to assess climate risk in new policy proposals is being piloted, with further decisions about its implementation across all Australian Government entities to be determined. The National Climate Risk Assessment methodology has been delivered, with a first pass assessment due in December 2023. The Climate Risk and Opportunity Management Program has yet to deliver planned items for use by Australian Government entities. (See paragraphs 2.64 to 2.78)

Coordination and reporting

19. Cross-entity arrangements for coordination and reporting are focused on information sharing at a measure level for the Powering Australia program of work. DCCEEW does not use its cross-entity coordination arrangements to identify conflicts and duplication of effort across the Powering Australia program of work. (See paragraphs 3.3 to 3.17)

20. A stakeholder engagement plan has been in draft since January 2023 and an interdepartmental working group to streamline external stakeholder communication has been

established. DCCEEW coordinates with state and territory governments through the Energy and Climate Change Ministerial Council, which is a continuation of a long-standing intergovernmental arrangement. (See paragraphs 3.18 to 3.47)

21. Reporting across the broader climate and energy portfolio includes technical information, project implementation, and progress towards climate change targets and commitments. DCCEEW continues to meet its climate commitment reporting requirements under international frameworks. This reporting does not demonstrate the contribution of DCCEEW's management of the Powering Australia program of work to Australia's climate change commitments. (See paragraphs 3.48 to 3.111)

Recommendations

Recommendation no. 1 Paragraph 2.29

The Department of Climate Change, Energy, the Environment and Water develop a strategic framework for the delivery of the Powering Australia program of work that enables measurement of activities to the achievement of Australia's climate change commitments.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

Recommendation no. 2 Paragraph 2.41

The Department of Climate Change, Energy, the Environment and Water develop and implement an information assets management policy consistent with the *Archives Act 1983* and supporting policies to ensure that records are complete and accurate.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

Recommendation no. 3 Paragraph 2.62

The Department of Climate Change, Energy, the Environment and Water manage and coordinate risk assessment and treatment across the Powering Australia program of work to ensure risk is understood and addressed at both program and enterprise levels.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

Recommendation no. 4 Paragraph 3.34

The Department of Climate Change, Energy, the Environment and Water finalise the Powering Australia communication and stakeholder engagement plan and clarify roles, responsibilities, and outcomes for stakeholder coordination and communication to inform effective consultation processes.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

Recommendation no. 5 The Department of Climate Change, Energy, the Environment and Water use its reporting to demonstrate that its management of climate and energy work clearly contributes to achieving Australia's climate change commitments including the contribution to emissions reduction.

Paragraph 3.112

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

Summary of entity response

The Department of Climate Change, Energy, the Environment and Water (the department) agrees with the ANAO audit's five recommendations. Implementation of the recommendations has commenced. This work will form part of the department's efforts to further improve and mature the existing governance arrangements established in relation to risk, information management, reporting, and the coordination of stakeholder engagement and communication. Implementation will be overseen by the department's Audit Committee.

Key messages from this audit for all Australian Government entities

22. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Policy/program implementation

- Entities implementing programs should have an overarching framework that clearly articulates the purpose of the program. Such a framework provides confidence that intended outcomes are being monitored, achieved, and considered for their contribution to objectives at both the micro and macro level.
- Entities implementing large, complex programs of work that have inherent dependencies and issues of timing or sequencing should consider and document options for alternative pathways to delivery and achievement of objectives. This will also provide assurance that the entity can and will respond accordingly to altered circumstances.

Performance and impact measurement

- Entities implementing programs should ensure that all actions to deliver the program are clearly scoped and evaluated to support effective delivery.
- Well-designed evaluation processes create performance information that supports decision-makers to identify and manage risk across an entire program of work.

Audit findings

1. Background

Introduction

1.1 The United Nations defines climate change as long-term shifts in temperatures and weather patterns that can be natural but are increasingly driven by human activities.⁶

1.2 Actions to address climate change risk fall into two broad categories: mitigation and adaptation. Mitigation involves limiting changes to the climate by reducing greenhouse gas emissions. Adaptation involves adjusting systems to anticipate and respond to climate and its effects, both to moderate harm and to exploit beneficial opportunities. The latest synthesis report from the Intergovernmental Panel on Climate Change states that climate resilient development involves both adaptation and mitigation.⁷

1.3 In September 2022, the Australian Parliament passed two pieces of legislation that formalised Australia's updated commitments to reduce emissions under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC).⁸ The updated commitments were to:

- achieve net zero emissions by 2050 (net zero by 2050); and
- reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030 (2030 target).⁹

1.4 The updated commitments relate to mitigation as they are focused on reducing greenhouse gas emissions.

Role of the Department of Climate Change, Energy, the Environment and Water

1.5 The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is the entity leading 'the integrated delivery of the Government's agenda across climate change, energy, the environment, heritage, and water.'¹⁰ DCCEEW's purpose as it relates to climate change is to 'drive Australian climate action [and] transform Australia's energy system to support net zero emissions while maintaining its affordability, security and reliability'.¹¹

1.6 DCCEEW is responsible for managing climate change and energy matters relating to:

- development and coordination of domestic, community and household climate action;
- climate change adaptation strategy and coordination;
- coordination of climate change science activities;
- development and coordination of international climate change policy;

6 United Nations Climate Action, 'What Is Climate Change?' [Internet], United Nations Climate Action, available from <https://www.un.org/en/climatechange/what-is-climate-change> [accessed 4 August 2023].

7 Intergovernmental Panel on Climate Change, *Climate Change 2023 Synthesis Report*, IPCC, Switzerland, 2023, p. 24.

8 *Climate Change Act 2022* and the *Climate Change (Consequential Amendments) Act 2022*.

9 Section 10 of the *Climate Change Act 2022*; and section 2 of the *Climate Change (Consequential Amendments) Act 2022*.

10 Department of Climate Change, Energy, the Environment and Water, *Corporate Plan 2023–24*, DCCEEW, Canberra, September 2023, p. 10.

11 *ibid.*, p. 7.

- international climate change negotiations;
- greenhouse emissions and energy consumption reporting;
- greenhouse gas abatement programmes;
- energy policy, including the national energy market, energy-specific international obligations and activities, and energy efficiency including industrial energy; and
- renewable energy, including policy, regulation, coordination, and technology development.¹²

1.7 DCCEEW's 2023–24 Corporate Plan states that DCCEEW 'lead[s] the implementation of the Government's Powering Australia Plan'.¹³ The Powering Australia Plan 'focused on creating jobs, cutting power bills and reducing emissions by boosting renewable energy' and included commitments to increase renewable energy supply, support new, clean energy options such as electric vehicles and solar batteries, and make changes to Australia's domestic and international approaches to climate issues.¹⁴

1.8 Measures described in the Powering Australia Plan form the basis of DCCEEW's ongoing Powering Australia program of work. The Powering Australia program of work includes other climate- and energy-related measures relating to climate mitigation, adaptation, and resilience. There were 15 measures that were originally described in the Powering Australia Plan that were allocated funding in the October 2022–23 Budget, with a total value of \$2.68 billion across several portfolio entities.

1.9 As of September 2023, DCCEEW is monitoring more than 100 measures as part of the Powering Australia program of work, 14 of which DCCEEW has reported as delivered (see Appendix 3). Measures being tracked are those being delivered solely by DCCEEW; by DCCEEW in connection with another Australian Government entity or entities; and by another Australian Government entity or entities without DCCEEW.

1.10 There are several intra- and inter-governmental, and whole-of-government arrangements in place to manage and deliver the Powering Australia and other climate- and energy-related priorities and work set by the Australian Government.¹⁵

12 Department of Climate Change, Energy, the Environment and Water, 'Our responsibilities' webpage, available from <https://www.dcceew.gov.au/about/what-we-do/legislation> [accessed 11 July 2023].

13 Department of Climate Change, Energy, the Environment and Water, *Corporate Plan 2023–24*, DCCEEW, Canberra, September 2023, p. 20.

14 The Australian Labor Party (ALP) released the Powering Australia Plan as an election commitment document in December 2021. The ALP engaged an external consultancy to model the emissions impact of the Powering Australia Plan, the results of which were released alongside the Powering Australia Plan in December 2021. The modelling projected that the measures would 'achieve a 43% reduction on 2005 levels by 2030 with emissions falling to 351 Mt in 2030 in Paris budget accounting terms' and 'set Australia on a net-zero pathway by 2030, reaching net-zero emissions by 2050 in line with the Paris Agreement'. See RepuTex, *The economic impact of the ALP's Powering Australia Plan – Summary of modelling results*, RepuTex, Melbourne, December 2021, p. 5.

15 For example, the Department of the Prime Minister and Cabinet is responsible for leading arrangements that relate to the impacts on people and communities in the transition to net zero through the Net Zero Economy Agency. The Department of Finance is responsible for leading arrangements that relate to the achievement of the APS Net Zero commitment.

1.11 DCCEEW is responsible for capturing the effort of all Australian Government portfolios and jurisdictions in implementing climate-related priorities and work, including as part of the Powering Australia program of work.

International reporting framework and requirements

1.12 In 2015, the Australian Government signed the Paris Agreement under the UNFCCC.¹⁶ The Paris Agreement was the first universal, legally binding climate change agreement, which would attempt to limit global warming to well below two degrees Celsius compared to pre-industrial levels.

1.13 As a Party to the Paris Agreement, Australia is required to submit to the UNFCCC:

- a nationally determined contribution (NDC) every five years to communicate actions to reduce greenhouse gas emissions and build resilience to adapt to climate change¹⁷;
- a National Communication every four years and a biennial report every two years¹⁸, which must include emissions projections; and
- an annual national greenhouse gas emissions inventory.¹⁹

1.14 Australia has submitted inventories and estimates of its past emissions to the UNFCCC since 1994.²⁰ Australia's latest National Inventory Report for 2021, submitted in April 2023, was the first developed and submitted under Paris Agreement rules for emissions inventory reporting.²¹ The emissions projections report for 2022 was published in December 2022. The emissions projections report for 2023 was published in December 2023.²²

16 In 1992, the Australian Government signed and ratified the UNFCCC. The objective of the UNFCCC was to establish an international framework with standardised reporting protocols for Parties to report progress on climate change. Guidelines and requirements for Parties to report on their climate change policies and measures are established under the UNFCCC as the parent treaty with supporting agreements and decisions. These supporting agreements and decisions include the 2007 Kyoto Protocol, the 2010 Cancun Agreements, the 2012 Doha Amendment to the Kyoto Protocol, and the 2015 Paris Agreement.

17 Parties may provide updates to submitted NDCs at any time if the Party has added a higher degree of ambition since the original submission. Australia submitted an intended NDC in August 2015. This NDC was confirmed in 2016, then updated in 2020, 2021, and 2022. Australia's next NDC is due to be submitted in 2025.

18 Biennial Reports were agreed under Decision 2/CP.17, paragraph 14. Biennial Reports are being superseded by Biennial Transparency Reports. Decision 18/CMA.1 requires Australia to submit its first Biennial Transparency Report by 31 December 2024 at the latest.

19 Article 13.7(a) of the Paris Agreement. The inventory can be submitted as a standalone document or may be reported as part of a National Communication or Biennial Report.

20 Australia's first inventory and emissions projection estimates were submitted in 1994 as part of its First National Communication for the year 1990. Australia's National Inventory Reports from 2008 to 2020 were developed and submitted under the UNFCCC and its Kyoto Protocol. These reports contained estimates of past emissions for the period 1990 to the year of the report, and preliminary estimates for the following year. That is, the report for 2008 was published in 2010, and contained estimates of past emissions from 1990 to 2008, and preliminary estimates of emissions for the year 2009.

21 The Paris Agreement reporting period began in 2020–21. Under the Paris Agreement reporting framework, parties are not required to report an estimate of future emissions in the National Inventory Report, but this must be included in the Biennial Transparency Report. As noted in footnote 18, Australia's Biennial Transparency Report is due to be submitted by December 2024.

22 The 2023 emissions projection report was published after audit fieldwork had concluded. The 2023 emissions projection report is dated November 2023.

Australia's updated climate change commitments

1.15 In June 2022, the Australian Government submitted an updated NDC to the UNFCCC with the net zero by 2050 and 2030 targets.²³ The 2030 target of 43 per cent below 2005 levels is an increase on the 26–28 per cent emissions reduction target included in Australia's 2021 update to the original NDC.

1.16 In September 2022, the Australian Parliament passed two pieces of legislation that formalised Australia's updated commitments to reduce emissions under the Paris Agreement of the UNFCCC.²⁴ The *Climate Change Act 2022* (Climate Change Act) and *Climate Change (Consequential Amendments) Act 2022* formalise the two overarching emissions reduction targets in legislation.

1.17 The Climate Change Act establishes that the 2030 target is to be implemented as both a 'point target' (by 2030) and an 'emissions budget' (total quantity emitted). The emissions budget covers the period 2021 to 2030.

1.18 The Climate Change Act requires the Minister for Climate Change to prepare and table an Annual Climate Change Statement in Parliament. The Annual Climate Change Statement includes information on progress towards emissions reduction targets. The first Annual Climate Change Statement was tabled in Parliament in December 2022.

1.19 The Climate Change Act requires the Climate Change Authority (CCA) to provide advice relating to the Annual Climate Change Statement to the Minister for Climate Change, including advice on greenhouse gas emissions reduction targets to be included in a new or adjusted NDC. The CCA's advice must be tabled in Parliament. The CCA's advice in the form of the Annual Progress Report was tabled at the same time as the first Annual Climate Change Statement in December 2022.

1.20 In early December 2023, the Minister for Climate Change tabled the second Annual Climate Change Statement and the CCA's Annual Progress Report.²⁵ These documents coincided with the release of the emissions projections report for 2023 (see paragraph 1.14).

Status of climate change targets and commitments

1.21 Australia's emissions projections for 2022 indicated that Australia is projected to achieve a 32 per cent reduction on 2005 levels by 2030.²⁶ The 2022 projections note that there is a 'with additional measures' scenario under which Australia is projected to achieve a 40 per cent reduction on 2005 levels by 2030.²⁷

1.22 In its first Annual Progress Report published in November 2022, the CCA noted that 'Achieving net zero emissions by 2050 will require a plan that carefully sequences a combination of actions to mitigate and sequester carbon emissions across the whole economy.'²⁸ In the same

23 Australian Government, *Australia's Nationally Determined Contribution Communication 2022*, Department of Industry, Science, Energy and Resources, Canberra, June 2022.

24 *Climate Change Act 2022* and the *Climate Change (Consequential Amendments) Act 2022*.

25 The CCA's Annual Progress Report is dated October 2023.

26 Department of Climate Change, Energy, the Environment and Water, *Australia's emissions projections 2022*, DCCEEW, Canberra, December 2022, p. 2.

27 *ibid.*

28 Climate Change Authority, *First Annual Progress Report: The baseline, global context and methodology*, CCA, Canberra, November 2022, p. viii.

report, the CCA also noted that ‘To meet its ambitious new targets, Australia will need to decarbonise at an average annual rate of 17 Mt CO₂-e per year, more than 40 per cent faster than it has since 2009.’²⁹

1.23 Australia’s emissions projections for 2023 indicate that Australia is projected to achieve a 37 per cent reduction in emissions on 2005 levels by 2030.³⁰ The 2023 projections note that there is a ‘with additional measures’ scenario under which Australia is projected to achieve a 42 per cent reduction on 2005 levels by 2030.³¹

Rationale for undertaking the audit

1.24 Since May 2022, the Australian Government has made organisational and structural changes reflecting its investment in climate change policy matters. DCCEEW leads the development, coordination, and implementation of domestic and international climate action, policy, and strategy, including reporting that demonstrates Australia’s progress on the achievement of climate change commitments. There are many stakeholders across government, industry, and the community that have interests in DCCEEW’s effective management and delivery of this body of work.

1.25 This audit provides assurance to Parliament on the effectiveness of DCCEEW’s governance arrangements supporting the implementation of the Australian Government’s climate change commitments, including its arrangements to assess and measure implementation, coordination, risk management, and performance.

Audit approach

Audit objective, criteria and scope

1.26 The objective of this audit was to assess the effectiveness of the Department of Climate Change, Energy, the Environment and Water’s governance arrangements supporting the implementation of the Australian Government’s climate change commitments.

1.27 To form a conclusion against the objective, the following criteria were adopted.

- Are there appropriate risk-based oversight arrangements and management strategies?
- Have effective coordination arrangements been established?

1.28 The audit focused on DCCEEW’s arrangements for effective strategic oversight and coordination of climate policies to meet Australia’s overarching commitments, including DCCEEW’s consideration of available emissions data and risk in the planning and delivery of climate change policy and programs.

29 Mt CO₂-e is an abbreviation for ‘metric tonnes of carbon dioxide equivalent [emitted]’ where the unit has been standardised based on the global warming potential of the gas.
Climate Change Authority, *First Annual Progress Report: The baseline, global context and methodology*, CCA, Canberra, November 2022, p. 1.

See also p. 2 of the First Annual Progress Report for the rate of change to date.

30 Department of Climate Change, Energy and the Environment, *Australia’s emissions projections 2023*, DCCEEW, Canberra, November 2023, p. 3.

31 *ibid.*

1.29 The audit did not assess Australia's accounting and reporting of past and future emissions.³² The audit also did not assess the design of all climate policies and mechanisms, including offsetting, related compliance and regulatory activities, and underlying scientific research.

Audit methodology

1.30 The audit methodology included:

- examination of documentation relating to governance arrangements, communication and coordination of efforts, and reporting that establishes or supports Australia's progress on meeting its climate change commitments;
- examination of publicly available information relating to international reporting frameworks; and
- meetings with relevant departmental staff.

1.31 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$377,212.

1.32 The team members for this audit were Sam Khaw, Jemimah Hamilton, Hayley Pang, Jacqueline Hedditch, and Corinne Horton.

32 In 2017, the Auditor-General tabled *Accounting and Reporting of Australia's Greenhouse Gas Emissions Estimates and Projections*.

2. Oversight and risk

Areas examined

This chapter examines whether the Department of Climate Change, Energy, the Environment and Water (DCCEEW) has appropriate risk-based oversight arrangements and management strategies.

Conclusion

DCCEEW has partly appropriate oversight arrangements and risk management strategies to support the Australian Government's climate change commitments. DCCEEW established governance arrangements for oversight of its Powering Australia program of work and provides support for other cross-portfolio arrangements in climate- and energy-related work intended to achieve Australia's climate change commitments. DCCEEW's internal governance arrangements include a project board that examines implementation risk for high priority measures in the Powering Australia program of work. DCCEEW has not delivered planned climate risk strategies and frameworks for use by Australian Government entities, including by DCCEEW in its own business.

Areas for improvement

The ANAO made three recommendations for DCCEEW to develop a strategic framework for the delivery of the Powering Australia program of work that enables measurement of activities to the achievement of Australia's climate change commitments; develop and implement an information assets management policy to ensure that records are complete and accurate; and manage and coordinate risk assessment and treatment across the Powering Australia program of work to ensure risk is understood and addressed at both program and enterprise levels.

2.1 Fit-for-purpose arrangements to support the delivery of strategies, policies and programs include:

- identification and clear delineation of roles and responsibilities;
- a strategic approach to support the immediate and ongoing achievement of objectives and delivery of results;
- processes to keep senior management and ministers informed of challenges and changes; and
- ongoing assessment and consideration of risk.

Does DCCEEW have a fit-for-purpose strategy supporting the management of its program of work?

There is no overarching strategy supporting the management of the Powering Australia program of work. DCCEEW is continuing to develop and refine its approach to supporting the achievement of Australia's climate change commitments. DCCEEW's climate and energy work is intended to underpin the achievement of the Australian Government's commitment to reduce emissions. National plans and frameworks are intended to be developed to support DCCEEW's strategic approach to defining and delivering results and objectives in the context of Australia's climate change commitments.

Plans to achieve Australia's climate change commitments

2.2 The United Nations notes that 'building climate resilience requires combining mitigation and adaptation actions to tackle the current and future impacts of climate change'.³³ There are multiple national plans and strategies for mitigation and adaptation in place, dating back to 2018. There are also plans and strategies currently in development.

2.3 DCCEEW is responsible for developing national climate plans and strategies. These collectively support Australia's achievement of its climate change commitments by setting out the policies, programs, and actions required to mitigate and adapt to the changing climate.

National Climate Resilience and Adaptation Strategy 2021–2025

2.4 The National Climate Resilience and Adaptation Strategy 2021–2025 (NCRAS) was released in 2021. The NCRAS has three objectives relating to climate adaptation in Australia, to:

- drive investment and action through collaboration;
- improve climate information and services; and
- assess progress and improve over time.³⁴

2.5 The NCRAS states that the Australian Government will:

- provide enhanced national leadership and coordination;
- partner with governments, businesses and communities to act and invest;
- deliver coordinated climate information and services to more users;
- continuing [sic] to deliver world class climate science that informs successful adaptation;
- deliver national assessments of climate impacts and adaptation progress; and
- independently assess progress over time.³⁵

2.6 The DCCEEW webpage notes that the NCRAS 'outlines how the Australian Government will fulfil its 2012 COAG Roles and Responsibilities'. The NCRAS states that the Climate Change Authority (CCA) will be tasked with assessing implementation of the NCRAS as part of '[monitoring] and independently [evaluating] progress over time'.³⁶ The NCRAS was released prior to the introduction of the *Climate Change Act 2022* (Climate Change Act). The CCA's role under the Climate Change Act does not include monitoring or evaluating the progress of the NCRAS.³⁷

2.7 DCCEEW advised the ANAO that actions proposed in the NCRAS are not being monitored as many are now being tracked as key commitments of the Australian Government in the Powering Australia Tracker (see Chapter 3, paragraphs 3.71 to 3.93). The NCRAS is intended to be superseded by a new National Adaptation Plan.

33 United Nations Climate Change, *Climate Action Pathway Climate Resilience Vision and Summary 2021*, United Nations Global Climate Action, 2021, p. 2.

34 Department of Agriculture, Water and the Environment, *National Climate and Resilience Adaptation Strategy 2021 to 2025: Positioning Australia to better anticipate, manage and adapt to our changing climate*, DAWE, Canberra, 2021, p. 6.

35 *ibid.*, p. 20.

36 *ibid.*, p. 35.

37 See paragraph 1.19 for the role of the CCA.

National adaptation planning

2.8 Under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC), Parties to the agreement shall ‘as appropriate, engage in adaptation planning processes...’. Adaptation planning processes may include developing and implementing a national adaptation plan, and each Party should submit communications about adaptation activities to the UNFCCC.³⁸ Australia has not previously submitted a national adaptation plan to the UNFCCC.³⁹

2.9 DCCEEW is commencing the development of a National Adaptation Plan (NAP). The DCCEEW website states that the NAP ‘will be the first truly national plan in Australia and will provide a basis for fulfilling the Australian Government’s role of providing national strategic leadership on climate adaptation.’⁴⁰

2.10 DCCEEW advised the ANAO that the NAP is due to be published by the end of 2024. The DCCEEW website states that the NAP will use the National Climate Risk Assessment (see paragraph 2.76) ‘to build an agreed, nationally consistent pathway that prioritises Australia’s adaptation actions and opportunities. It will provide guidance on the national response, including how we adapt to the risks, scale up our adaptation efforts and build our national resilience to climate impacts.’

Australia’s Long-term Emissions Reduction Plan

2.11 Australia’s Long-term Emissions Reduction Plan was published in October 2021. This plan was to support Australia’s achievement of net zero emissions by 2050 through a ‘technology based approach’.⁴¹

2.12 In its first Annual Progress Report finalised in November 2022⁴², the CCA noted that it was important that the Australian Government commence planning for ‘net zero by 2050’.⁴³ The Australian Government accepted this advice in the first Annual Climate Change Statement tabled in December 2022.⁴⁴

38 There is no interval specified for the adaptation communication to be submitted to the UNFCCC. Under the Paris Agreement, adaptation communications may be submitted ‘as a component of or in conjunction with other communications or documents, including a national adaptation plan, a nationally determined contribution... and/or a national communication.’

See Decision 18/CMA.1 Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement (COP24, Katowice, December 2018).

39 A full list of national adaptation plans submitted to the UNFCCC can be viewed at: United Nations Framework Convention on Climate Change, ‘Adaptation Communications Registry’ [Internet], UNFCCC, available from <https://unfccc.int/ACR> [accessed 4 December 2023].

40 Department of Climate Change, Energy, the Environment and Water, ‘Climate adaptation in Australia – National Adaptation Plan’ [Internet], DCCEEW, Canberra, available from <https://www.dcceew.gov.au/climate-change/policy/adaptation> [last updated 19 May 2023, accessed 13 October 2023].

41 Australian Government, *Australia’s Long-term Emissions Reduction Plan: A whole-of-economy Plan to achieve net zero emissions by 2050*, DISER, Canberra, 2021, p. 11.

42 The Climate Change Authority’s Annual Progress Reports are the ‘advice’ referred to in the Climate Change Act regarding the preparation of the Annual Climate Change Statement by the Minister for Climate Change and Energy. See paragraph 1.19. Although the First Annual Progress Report itself is dated November 2022, it was tabled in Parliament in December 2022.

43 Climate Change Authority, *First Annual Progress Report*, CCA, Canberra, November 2022, p. 41.

44 Australian Government, *Annual Climate Change Statement 2022*, DCCEEW, Canberra, December 2022, p. 71.

Sectoral plans

2.13 Australia's emissions inventory reporting categorises emissions by sector according to the Intergovernmental Panel on Climate Change guidelines.⁴⁵ These are Energy; Industrial processes; Agriculture; Land Use, Land-Use Change and Forestry; and Waste. Australia's National Inventory Report for 2021 noted that Energy sector emissions were the largest proportion of Australia's emissions in 2020–21, with Agriculture sector emissions the second largest.⁴⁶

2.14 In July 2023, the Minister for Climate Change and Energy announced that sectoral decarbonisation plans would be developed to support the development of an updated net zero by 2050 plan. The six plans announced are to cover the Electricity and Energy; Industry, including waste; the Built Environment; Agriculture and Land; Transport; and Resources sectors.

2.15 Governance arrangements for the net zero sectoral plans were developed in August 2023. The arrangements are intended to progress the practical development of the sectoral plans, with strategic oversight, project tracking, and decision-making provided by senior officials. Each plan is intended to be co-authored by DCCEEW and the responsible portfolio entity or entities and sponsored by the relevant minister, with the lead drafter to be agreed between the co-authoring entities.

2.16 High-level oversight of plan development is intended to be provided by the Net Zero Senior Officials Committee and the Net Zero Secretaries Committee, with the plans to be put to the Net Zero Economy Committee of Cabinet for consideration (see Table 2.1). The CCA has been asked to provide advice on the pathways to net zero to support development of the plans, and on the 2035 target.⁴⁷

2.17 The Minister for Climate Change and Energy stated that the sectoral plans will 'feed in' to the new net zero by 2050 plan and Australia's 2035 target.⁴⁸ The 2035 target will be set in Australia's next submitted NDC in 2025 (see paragraph 1.13). The sectoral plans and the updated net zero by 2050 plan are to be delivered by the end of 2024.

45 Australian Government, *National Inventory Report 2021*, DCCEEW, Canberra, April 2023, p. 1; Intergovernmental Panel on Climate Change, *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, IPCC, Japan, 2006.

DCCEEW produces other reporting on emissions that uses Australian and New Zealand Standard Industrial Classification (ANZSIC) economic sectors instead of sectors set out in the IPCC guidelines. See paragraph 3.54.

46 Australian Government, *National Inventory Report 2021*, DCCEEW, Canberra, April 2023, p. 5.

47 Climate Change Authority, 'Parliament refers sectoral pathways review to the Climate Change Authority' [Internet], CCA, Canberra, September 2023, available from <https://www.climatechangeauthority.gov.au/parliament-refers-sectoral-pathways-review-climate-change-authority> [accessed 29 September 2023].

48 Minister for Climate Change and Energy, Address to Clean Energy Council, 18 July 2023, transcript available from <https://minister.dcceew.gov.au/bowen/speeches/address-clean-energy-council> [accessed 29 September 2023].

Powering Australia

2.18 The Powering Australia Plan ‘focused on creating jobs, cutting power bills and reducing emissions by boosting renewable energy’⁴⁹ and included commitments to increase renewable energy supply, support new, clean energy options such as electric vehicles and solar batteries, and make changes to Australia’s domestic and international approaches to climate issues. The DCCEEW website refers to ‘The Australian Government’s Powering Australia plan’ as one of Australia’s energy strategies and frameworks.⁵⁰

2.19 DCCEEW advised the Australian Government on the implementation of measures identified in the Powering Australia Plan and provided advice on Australia’s emissions profiles and trends. However, advice to the Australian Government did not include specific emissions reduction modelling of the projected impact of the Powering Australia Plan, with DCCEEW noting that ‘we will work with you to better understand the projected impact of the Powering Australia plan.’

2.20 Measures in the Powering Australia Plan are in four categories.

- Electricity — including installation of community batteries, funding for solar banks and upgrades to Australia’s electricity grid.
- Industry, carbon farming and agriculture — including funding of and from the Powering the Regions Fund and National Reconstruction Fund, reform of the Safeguard Mechanism, review of the integrity of Australian Carbon Credit Units, and upskilling the workforce.
- Transport — including introduction of an Electric Car Discount, consultation on the National Electric Vehicle Strategy, and funding to establish a real-world vehicle testing program.
- National leadership — including restoring the role of the Climate Change Authority, building an Australian National Prevention and Resilience Framework, and commissioning an urgent climate risk assessment.

2.21 DCCEEW advised the ANAO that ‘Powering Australia’ is ‘a brand used by the Government to communicate its program of work’. DCCEEW advised the ANAO that categories from the Powering Australia Plan align with the areas of focus set out in the Ministerial Charter Letter sent to the Minister for Climate Change and Energy by the Prime Minister in July 2022.

2.22 The Climate Change Act requires the Minister for Climate Change to prepare and table an Annual Climate Change Statement to Parliament. The statement is informed by independent advice from the CCA and is to include information on progress towards emissions reduction targets. In the first Annual Climate Change Statement tabled in December 2022, the Australian Government stated

49 The Australian Labor Party (ALP) released the Powering Australia Plan as an election commitment document in December 2021. The ALP engaged an external consultancy to model the emissions impact of the Powering Australia Plan, the results of which were released alongside the Powering Australia Plan in December 2021. The modelling projected that the measures would ‘achieve a 43% reduction on 2005 levels by 2030 with emissions falling to 351 Mt in 2030 in Paris budget accounting terms’ and ‘set Australia on a net-zero pathway by 2030, reaching net-zero emissions by 2050 in line with the Paris Agreement’.

See RepuTex, *The economic impact of the ALP’s Powering Australia Plan – Summary of modelling results*, RepuTex, Melbourne, December 2021, p. 5.

50 Department of Climate Change, Energy, the Environment and Water, ‘Powering Australia’ [Internet], DCCEEW, Canberra, available from <https://www.dcceew.gov.au/energy/strategies-and-frameworks/powering-australia>, last updated 3 December 2023 [accessed 4 December 2023].

that ‘with full implementation of Powering Australia, we are confident we will achieve 43% emissions reduction by 2030.’⁵¹

2.23 In the October 2022–23 Budget, the Australian Government announced that the ‘The Powering Australia Plan will establish a modern energy grid, driving innovation and opening up new energy industries and delivering cleaner, cheaper energy for families, households and businesses. It will also reduce emissions across the economy’.⁵² DCCEEW advised the ANAO that it does not use the Powering Australia Plan as an organising concept for its work.

2.24 In its first annual progress report, the CCA reported that ‘since 2009, Australia has decarbonised its economy at an average annual rate of 12 Mt CO₂-e per year’⁵³ and the ‘rate of change needs to accelerate to reach our 2030 and 2050 targets’.⁵⁴ Further, ‘The Government will need to deliver on its Powering Australia plan and more if Australia’s targets and commitments are to be met’.⁵⁵

2.25 ANAO analysis found that 16 measures that were originally described in the Powering Australia Plan were measures that were allocated funding in the October 2022–23 Budget with a total value of \$2.68 billion.

- Eight measures had ‘Powering Australia’ in the title, five of which were in the Climate Change, Energy, the Environment and Water portfolio.⁵⁶
- The other eight measures do not have ‘Powering Australia’ in the title although the ANAO consider that these measures were originally described in or are broadly consistent with measures described in the Powering Australia Plan.

2.26 In DCCEEW’s monitoring of progress of climate- and energy-related work, DCCEEW identifies which measures being monitored are election commitments (see Appendix 3). This monitoring does not include an indication of what contribution measures will make towards emissions reduction targets.

2.27 ‘Powering Australia’ is used by the Australian Government and DCCEEW to refer variously to election commitments, measures funded in the Budget, and other climate- and energy-related measures and actions across portfolios. Powering Australia is not a single structured ‘plan’ or strategy that links the activities being undertaken to the achievement of emissions reduction targets.

2.28 In the absence of a single plan or strategy, DCCEEW is not well placed to assess the impact of the list of Powering Australia measures or its efforts within the climate change and energy portfolio of work towards Australia’s climate change targets and commitments.

51 Australian Government, *Annual Climate Change Statement*, DCCEEW, Canberra, December 2022, p. 7. The second Annual Climate Change Statement was tabled in December 2023.

52 Commonwealth of Australia, Budget October 2022–23, Budget Paper No. 1, p. 15.

53 Mt is an abbreviation of Megatonnes or Million tonnes. Mt or MtCO₂-e is the unit of measurement that expresses greenhouse gas emissions in terms of an equivalent, standardised amount of carbon dioxide.

54 Climate Change Authority, *First Annual Progress Report*, CCA, Canberra, 2022, available from <https://www.climatechangeauthority.gov.au/publications/targets-progress-advice> [accessed 28 September 2023], p. 2.

55 *ibid.*, p. 3.

The CCA’s second Annual Progress Report was tabled in December 2023.

56 Commonwealth of Australia, Budget October 2022–23, Budget Paper No. 2, pp. vii–x.

Recommendation no. 1

2.29 The Department of Climate Change, Energy, the Environment and Water develop a strategic framework for the delivery of the Powering Australia program of work that enables measurement of activities to the achievement of Australia's climate change commitments.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

2.30 *The Government has a clear strategy to: decarbonise the electricity sector (82 percent renewables by 2030); enable the electrification of other sectors (such as the National Electric Vehicle Strategy); reduce the emissions from major industrial facilities (such as the Safeguard Mechanism); and provide flexibility and incentives for further action through high integrity carbon credits. Reporting of progress towards the clear, time bound target of 43% below 2005 levels of emissions by 2030 occurs through the Annual Climate Change Statement to Parliament, the Climate Change Authority's Annual Progress Report, Australia's annual Emissions Projections Report and the annual and quarterly updates to the National Greenhouse Gas Inventory. The department agrees developing a framework to map specific measures to the strategy will aid transparency of progress.*

Has DCCEEW established effective oversight arrangements for its program of work?

DCCEEW established departmental oversight arrangements for the Powering Australia program of work. Interdepartmental oversight arrangements and roles continue to evolve while an increasing number of measures are added to the program of work for DCCEEW to monitor. DCCEEW has adjusted some of its arrangements in response to changes to the broader governance structure across the climate and energy agenda. An assessment of the effectiveness of the arrangements is limited by the availability of records across governance bodies and oversight mechanisms.

2.31 In October 2022, the Australian Government determined that a whole-of-government approach was necessary to achieve Australia's legislated climate change targets. Each minister is responsible for reducing emissions within their respective portfolios.

Whole-of-government structure and oversight

2.32 The Powering Australia governance structure was established in October 2022, following establishment of the Net Zero Economy Ministerial Steering Committee (the Steering Committee).⁵⁷ The Steering Committee was to direct the work of the Net Zero Economy Taskforce⁵⁸ on the Taskforce's work in '[building] regional communities' capacity to adapt to structural change from

57 The Steering Committee members were: Prime Minister (Chair); Minister for Climate Change and Energy (Deputy Chair); Treasurer; Minister for Infrastructure, Transport, Regional Development and Local Government; Minister for Resources and Minister for Northern Australia; Minister for Industry and Science; Minister for Employment and Workplace Relations; Minister for Skills and Training; Minister for Agriculture, Fisheries and Forestry and Minister for Emergency Management; and Assistant Minister for Climate Change and Energy.

58 The Net Zero Economy Taskforce was established in PM&C. The Taskforce began the development of the Net Zero Economy Agency and Net Zero Authority.

decarbonisation'. The Steering Committee would also undertake broader strategic discussions on climate action.

2.33 Governance bodies at the Australian Government and interdepartmental levels are presented in Table 2.1. DCCEEW provides the secretariat function for the Deputy Secretary Powering Australia interdepartmental committee (see Chapter 3, paragraph 3.4). The Department of the Prime Minister and Cabinet (PM&C) provides the secretariat function for all other governance bodies in Table 2.1. Each governance body has an established terms of reference and meets regularly. The structure is designed to allow specific program-level issues to flow upwards from DCCEEW senior executives to ministers, and to allow ministers oversight of broader strategic concerns.

Table 2.1: Australian Government and interdepartmental governance bodies

Body	Level	Chair	Date in operation	Remit/responsibility	Note
Net Zero Economy Ministerial Steering Committee	Australian Government	Prime Minister	October 2022 to May 2023	Direct the work of the Net Zero Economy Taskforce.	Superseded by NZEC.
Net Zero Economy Committee of Cabinet (NZEC)	Australian Government	Prime Minister	June 2023 to present	Net zero transformation, including cross-cutting economic, climate, regional and industry policy issues.	Ongoing. ^a
Secretaries Group on Climate Action (SGOCA)	Entity Secretary	Secretary of DCCEEW	October 2022 to May 2023	Overarching climate change remit.	Superseded by NZSC.
Net Zero Secretaries Committee (NZSC)	Entity Secretary	Co-chaired: Secretary of DCCEEW, Secretary of PM&C	July 2023 to present	Net zero transformation, supporting NZEC.	Ongoing. ^a
Net Zero Senior Officials' Committee (NZSOC)	Entity Deputy Secretary	Co-chaired: Deputy Secretary of DCCEEW, Deputy Secretary of PM&C	July 2023 to present	Net zero transformation, supporting NZEC.	Ongoing. ^a
Deputy Secretary Powering Australia Interdepartmental Committee	Entity Deputy Secretary / Senior Executive Service Band 3	Deputy Secretary of DCCEEW	July 2022 to present	Specific remit over the Powering Australia program of work.	Meeting cadence to change following establishment of NZSOC.

Note a: These bodies were ongoing as of the end of audit fieldwork in October 2023.

Source: ANAO summary of DCCEEW documentation.

Departmental structure and oversight

2.34 DCCEEW was established on 1 July 2022. DCCEEW made changes to its organisational structure in May 2023 and July 2023. DCCEEW's Climate and Energy functions are structured in separate Groups, each led by a Deputy Secretary.

- Climate Group is responsible for climate change mitigation and adaptation policy and programs, and Australia's engagement in international climate and energy actions, including the Government's net zero emissions by 2050 agenda.
- Energy Group is responsible for energy policy and programs. This includes providing policy support to transition Australia's economy to net zero emissions by 2050 while maintaining energy security, reliability, and affordability.

2.35 The two Groups contained six divisions, each led by a First Assistant Secretary (FAS). In July 2023, a division was added to Energy Group, and in August 2023, a division was added to Climate Group. As of September 2023, the two Groups each have four divisions and comprise 994 staff in total.⁵⁹

2.36 Weekly senior executive meetings are held with representatives from DCCEEW's Climate and Energy groups. These meetings involve the Deputy Secretary of the Climate Group, the Deputy Secretary of the Energy Group, and all FAS from both Groups to discuss progress of Powering Australia initiatives.

2.37 Fifty-nine of these weekly senior executive meetings were held from between June 2022 to August 2023. There are records for 41 of 59 (69 per cent) meetings, including 23 of 24 meetings from March 2023 to August 2023. DCCEEW advised the ANAO that records are missing in part due to changes to Information and Communications Technology (ICT) systems that occurred in March 2023. Decisions made and actions arising were not recorded for every instance of these weekly senior executive meetings.

2.38 These weekly senior executive meetings inform subsequent weekly meetings with the Minister for Climate Change and Energy and the Assistant Minister for Climate Change and Energy to 'make decisions and ensure the government's climate change and energy agenda is delivered'. DCCEEW do not keep minutes or a record of attendance of these meetings with the Ministers.

2.39 The *Archives Act 1983* and policies issued under the Act set obligations for the management of information assets for Australian Government entities, including that entities create and manage information in a manner that supports accountability and transparency, and enables informed decision-making. The *Building trust in the public record: managing information and data for government and community* policy issued in 2021 notes that 'good information governance ensures that all obligations are known and met'.⁶⁰

59 The eight divisions are: Net Zero Industries; Emissions Reduction; International Climate and Energy; and Climate Change Policy, Adaptation and Risk divisions in Climate Group; and Gas and Liquid Fuels; Energy Performance and Security; Electricity; and National Energy Transformation divisions in Energy Group.

60 National Archives of Australia, *Building trust in the public record: managing information and data for government and community*, NAA, Canberra, 2021, p. 13.

2.40 The ANAO identified instances of meeting records not being held or not being held consistently in single locations. For example, one board's meeting papers and records are held in three separate locations across two networks with different security classifications. See Appendix 4.

Recommendation no. 2

2.41 The Department of Climate Change, Energy, the Environment and Water develop and implement an information assets management policy consistent with the *Archives Act 1983* and supporting policies to ensure that records are complete and accurate.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

2.42 *The department is committed to improving its management of information assets. Subject to available resourcing, the department will develop and implement an information assets management policy to improve the quality of record keeping practices across the department.*

Does DCCEEW assess and consider risk in ongoing planning and implementation arrangements?

DCCEEW established its enterprise risk management frameworks and procedures in March 2023, nine months after the entity was formed. There has been no reassessment of measures in the Powering Australia program of work against the new framework. In May 2023, DCCEEW established a project board to assess and consider implementation risk to projects within the Powering Australia program of work. This board has considered 12 high priority projects in the delivery stage as of October 2023.

Enterprise risk management

2.43 DCCEEW published its Enterprise Risk Management Framework (ERMF) and associated guidance documents in March 2023.⁶¹ The ERMF states that DCCEEW has a 'low tolerance for policies, programs and activities that contribute to climate and environment harm (e.g. increasing greenhouse gas emissions)'.⁶²

2.44 Risk management in the Powering Australia program of work is at the project level. Business areas delivering a Powering Australia measure or measures are responsible for their own risk assessment and management. Prior to March 2023, DCCEEW relied upon the Department of Agriculture, Water and the Environment (DAWE) and the Department of Industry, Science, Energy and Resources (DISER) risk management frameworks and supporting materials.⁶³ DCCEEW does not have a central record of which Powering Australia measures are operating under a DAWE or DISER framework.

61 Department of Climate Change, Energy, the Environment and Water, *Enterprise Risk Management Framework*, DCCEEW, Canberra, 2023.

62 Department of Climate Change, Energy, the Environment and Water, *Enterprise Risk Management Framework* (Appendix B: Risk Appetite and Tolerance Statements), DCCEEW, Canberra, 2023, p. 16.

63 This depended on where the relevant function was positioned prior to the Machinery of Government changes enacted on 1 July 2022.

2.45 DCCEEW advised the ANAO that DCCEEW is satisfied that DAWE and DISER frameworks remain appropriate to support work initiated prior to March 2023. DCCEEW's intranet states that 'Any previous risk assessments on DISER or DAWE risk registers will need to be transitioned over to the new [DCCEEW] risk register by 31 December 2023'.

Specialist Risk

2.46 DCCEEW's Corporate Plan 2023–24 notes that 'failure to address climate-related risk poses a serious threat to delivering DCCEEW's objectives', and that:

Climate change is recognised as a specialist risk. This means all staff are responsible for considering climate risks in the context of their risk management activities. This includes both the physical impacts of climate change and the impacts of the transition to global net zero emissions.

In addition to delivering the whole-of-government Climate Risk and Opportunity Management Program to embed climate-related risk considerations across the public sector, we will continue to lead by example in the assessment, management and disclosure of our climate risks and opportunities.

2.47 Specialist risks are defined in the ERMF as risks with a defined management approach driven by government policy or legislation. DCCEEW includes workplace health and safety, climate change, fraud, regulation, and security as specialist risk categories.⁶⁴ The ERMF recognises that specific risk management frameworks and guidance materials may be developed for specialist risks. Specialist risks are managed and supported by specialist areas within DCCEEW.

2.48 There is no specific risk management framework or guidance material for climate change risk as a specialist risk. Updated specialist risk management documentation for climate change risk in DCCEEW is intended to be available when the Climate Risk and Opportunity Management Program work is delivered (see paragraphs 2.66 to 2.72). In the interim, DCCEEW relies on existing frameworks and guidance materials such as the Climate Compass.⁶⁵

Project- and program-level risk management

Powering Australia Climate and Energy Project Board

2.49 Risk management across the Powering Australia program of work is led by the individual teams responsible for the delivery of each measure. This aligns with DCCEEW's overall expectation that business areas are responsible for documenting and treating identified risks (see paragraph 2.44).

2.50 In March 2023, DCCEEW commenced a process for managing priority risks in the Powering Australia program of work. The scoping document proposed focusing on 'high priority risks impacting the overall success' of the Powering Australia program of work. These risks were:

- high priority known risks — including implementation risks and strategic risks; and
- highly uncertain risks — including shared risks and emerging risks.

64 There is also a specialist area and specific guidance available for risks relating to the Budget process and New Policy Proposals (NPP).

65 Commonwealth Scientific and Industrial Research Organisation, 'Climate Compass - A climate risk management framework for Commonwealth agencies' [Internet], CSIRO, 2018, available from <https://www.dcceew.gov.au/climate-change/policy/adaptation/publications/climate-compass-climate-risk-management-framework> [accessed 6 April 2023].

2.51 In May 2023, DCCEEW established the Powering Australia Climate and Energy Project Board (the board) to ‘provide oversight of project management across the Climate and Energy portfolios, with a focus of managing implementation risk for high priority projects currently in the delivery stage.’ The scope of the strategic project board ‘includes but is not limited to Powering Australia initiatives’.⁶⁶

2.52 Membership of the board includes two DCCEEW Deputy Secretaries and three Division Heads from DCCEEW, and an external advisor.⁶⁷ The board’s terms of reference note that it ‘shall discuss one to three projects per meeting’. The board met six times from May to October 2023.⁶⁸

2.53 In August 2023, there were 37 projects from the Powering Australia program of work that DCCEEW considered in scope for discussion by the board, with ten projects already considered. The forward work plan for the board discussed in the October 2023 meeting sets out projects that will be considered each month, with four already considered in August and September 2023; six to be considered in October to December 2023; and four more ‘parked’ for future consideration.

2.54 Project owners are provided with guidance materials and templates intended to support discussion at board meetings. Guidance materials and templates are based on DCCEEW’s enterprise-level risk framework.

2.55 In July 2023, a Board Discussion Model was established which set out the format and role of the board in the discussion of initiatives, including risk. The Model notes that the board ‘will complete the discussion by summarising any actions agreed’ for project owners, for escalation to other governance arrangements, or for the secretariat to organise.

2.56 In August 2023, an ‘action register’ was developed to manage items arising from Board meetings. As of October 2023, there are 29 actions being tracked in the action register, comprising:

- eight with ‘open’ or ‘in progress’ status;
- eight with ‘actioned’ status;
- five with ‘overdue’ status; and
- eight with ‘closed’ status.

2.57 The action register includes details of which team is responsible for delivery of the action; any further information required or action to be taken; and recommendations for closure by the secretariat for the board in subsequent meetings.

2.58 The board is intended to review risk across the Powering Australia program of work. There is no central reporting function for all risks identified across the Powering Australia program of work. The board only considers high priority known risks.

66 DCCEEW advised that there is no difference in a ‘project’ or ‘initiative’.

67 This external advisor is a former Senior Executive Band 3 from the APS. This external advisor is engaged as an independent member of the board in meetings from June to November 2023, and is to provide advice to the board regarding the maturity of project and risk management approaches.

68 The ANAO observed that DCCEEW have numbered these meetings as one to seven, however appear to only have held six. The ANAO was unable to locate documentation that explained this discrepancy. This issue and supporting details are set out in Appendix 4.

Other governance bodies

2.59 The terms of reference for the Powering Australia interdepartmental committee (the Powering Australia IDC) specifies that its role is to ‘identify emerging risks, interdependencies and cross-cutting issues relevant to the Powering Australia agenda’. The terms of reference also state that the Powering Australia IDC ‘may recommend escalation of identified issues and risks through existing reporting lines of the responsible entity/s [sic]’. The Powering Australia IDC does not utilise or consider a risk register as part of its program of work.

2.60 Available meeting records for weekly DCCEEW senior executive meetings (see paragraph 2.37) do not include discussion of risk. The weekly senior executive meeting does not utilise or consider a risk register as part of its program of work. DCCEEW advised the ANAO in September 2023 that consideration of risks to measures is discussed in context of the agenda for meetings with Ministers (see paragraph 2.36). There is no evidence of this discussion or consideration (see paragraph 2.38).

2.61 Governance bodies at the intergovernmental level include the Energy and Climate Ministerial Council (ECMC), Energy and Climate Senior Officials Group (ECSOG) and working groups associated with the ECMC (see Chapter 3, paragraphs 3.38 to 3.47). The ECMC Working Group Handbook notes that ‘effective risk management is an important element of good governance.’ The Handbook identifies that Working Groups, Work Stream Leads, and Project Leads need to identify, assess and control risks relating to their programs of work, and report on risks to ECSOG. There is no evidence that ECMC Working Groups have commenced reporting risks to ECSOG (see paragraph 3.44).

Recommendation no. 3

2.62 The Department of Climate Change, Energy, the Environment and Water manage and coordinate risk assessment and treatment across the Powering Australia program of work to ensure risk is understood and addressed at both program and enterprise levels.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

2.63 *The department’s Enterprise Risk Management framework recognises the value of a positive risk culture and articulates an approach that integrates risk management into planning and decision making at all levels. The department will leverage our Enterprise Risk Management Framework to strengthen the management and coordination of risk assessment and treatment across the climate change and energy program of work.*

Does DCCEEW produce and provide appropriate information to support climate risk-based decision-making?

Whole-of-government initiatives led by DCCEEW to produce information to support climate risk-based decision-making have commenced. The Climate Impact Statements program to assess climate risk in new policy proposals is being piloted, with further decisions about its implementation across all Australian Government entities to be determined. The National Climate Risk Assessment methodology has been delivered, with a first pass assessment due in

December 2023. The Climate Risk and Opportunity Management Program has yet to deliver planned items for use by Australian Government entities.

2.64 DCCEEW is responsible for leading the implementation of policy measures intended to address climate mitigation, adaptation and resilience, as well as to establish standards to assist the Australian Government, jurisdictions, and community to make informed decisions about actions to address climate-related risk.

Whole-of-government climate risk management frameworks

2.65 DCCEEW is responsible for developing the capabilities and systems for the Australian Public Service (APS) to identify, manage and disclose the physical and transitional climate risks and opportunities across entities, policies, programs, operations, assets, and services.⁶⁹ The Department of Finance is responsible for driving emissions reduction in government operations ('APS net zero').⁷⁰ The Department of the Treasury is responsible for elements of climate-related financial disclosure and reporting, and modelling the economic impact of climate change.⁷¹

Climate Risk and Opportunity Management Program

2.66 In the October 2022–23 Budget, the Australian Government provided \$9.3 million over four years from 2022–23 for the Commonwealth Climate Risk and Opportunity Management Program (CROMP). The CROMP is the whole-of-government initiative intended to support Australian Government entities to identify, manage, and disclose climate risks and opportunities.

2.67 As part of developing the CROMP, DCCEEW noted that gaps in APS climate risk management included 'absent or immature[:] governance structures and authorisation; processes, systems and frameworks; skills and capacity, tools and guidance; allocated on-going resourcing and responsibilities; and understanding of climate risk management imperatives'.

2.68 The CROMP Program Plan notes that outcomes sought include:

For the APS to move towards best practice climate risk management it will be necessary to fill these gap[s], which will position the APS to fulfil:

- Legal obligations with respect to climate change defined under the Public Governance, Performance and Accountability Act 2013 and the Public Service Act 1999 (as per risk management standards)
- Moral obligations (including APS Statement, international agreements, intergenerational equity, leadership by example)
- Political and community expectations (e.g., Powering Australia commitments, National Climate Resilience and Adaptation Strategy, increased transparency, accountability and consistency)
- The need for effective decision-making, including addressing sovereign risk

69 Department of Climate Change, Energy, the Environment and Water, 'Climate adaptation in Australia' [Internet], DCCEEW, Canberra, May 2023, available from https://www.dcceew.gov.au/climate-change/policy/adaptation#toc_3 [accessed 20 September 2023].

70 Department of Finance, 'APS Net Zero Emissions by 2030' [Internet], Finance, Canberra, May 2023, available from <https://www.finance.gov.au/government/aps-net-zero-emissions-2030> [accessed 9 August 2023].

71 See Document 2 of FOI 3359 – Department of the Treasury, 2022–2023 Supplementary Budget Estimates, 'Climate Modelling'.

- International standards and best practice approaches (e.g., TCFD⁷², international community of practice actions).

2.69 Key deliverables for the CROMP include an APS Climate Risk and Opportunity Strategy; a new Climate Risk Management Framework; a climate risk Learning and Development package; access to a support and capability building service; and an interactive climate risk digital tool.

2.70 In December 2022, the timeline for delivery of the CROMP proposed that the Strategy, Framework, and Learning and Development package would be delivered, and the Support Service would be available no later than 30 June 2023.⁷³ The interactive tool and toolkit were to be released at the end of February 2024.

2.71 As of September 2023, no items from the CROMP have been delivered for use by Australian Government entities. DCCEEW advised the ANAO that the Strategy and Framework have been agreed by the Australian Government, and release of these is subject to government decision.

2.72 DCCEEW advised the ANAO that while the CROMP is being developed, Australian Government entities are encouraged to continue using the Climate Compass framework released in 2018. There is no evidence that DCCEEW is actively applying climate risk management processes in its own work, including in the Powering Australia program of work.

Climate Impact Statements program

2.73 In October 2022, the Australian Government agreed that emissions impacts and climate risks should be integrated into the government decision-making process. The Climate Impact Statements (CIS) program is intended to establish a methodology and toolkit to assist Australian Government entities in undertaking emissions impact and climate risk assessment at the program and policy levels.

2.74 The CIS program comprises two elements: climate risk assessment, and emissions impact assessment. DCCEEW is responsible for undertaking both elements. The CIS program is being piloted for the 2023–24 Mid-Year Economic Fiscal Outlook (MYEFO) process in a limited number of entities. DCCEEW is also a participant in the pilot.

2.75 The application of the CIS program to all Australian Government entities for future Budget or MYEFO processes, including any necessary adjustments to the program, will be decided after the pilot is completed.

National Climate Risk Assessment

2.76 In the March 2023–24 Budget, the Australian Government provided \$28.0 million over two years from 2023–24 to develop a National Climate Risk Assessment (NCRA) and a National

72 The Task Force on Climate-Related Financial Disclosures (TCFD) is an industry-led taskforce established by the Financial Stability Board in December 2015 as a result of a request from G20 Finance Ministers and Central Bank Governors. See 'About' webpage at <https://www.fsb-tcf.org/about/> [accessed 17 May 2023].

The Climate Change Authority's First Annual Progress Report delivered in November 2022 noted that the TCFD '... has been recognised in Australia as an appropriate baseline for voluntary reporting' when considering climate change risks and transition planning.

73 DCCEEW engaged Deloitte to deliver the Strategy, Learning and Development package, and the Support Service. Deloitte would also review the Framework and the interactive tool and toolkit.

Adaptation Plan (NAP; see paragraph 2.9).⁷⁴ This funding was described as building on the CROMP. The NCRA and the NAP are being developed by two separate teams within DCCEEW.

2.77 The DCCEEW website states that the NCRA will:

- identify and prioritise things that Australians value the most that are of national significance and are at risk of climate change;
- deliver a shared national framework to inform climate adaptation priorities and resilience actions; and
- enable consistent monitoring of climate risk across all jurisdictions by delivering a baseline of current climate risks and considering new and emerging risks.⁷⁵

2.78 The DCCEEW website states that the NCRA will be delivered in three stages.

- Scoping stage — stakeholder engagement on climate change impact priorities and development of a methodology to deliver a national climate risk assessment, to be finalised in June 2023.
- Stage one — a qualitative first pass assessment, to be finalised and a list of priority risks for Australia to be delivered in November 2023.
- Stage two — an in-depth quantitative and semi-qualitative analysis of the highest priority risks, to be completed in November 2024.⁷⁶

2.79 In July 2023, DCCEEW announced that the scoping stage of NCRA was complete and that stage one had commenced.⁷⁷ The methodology for the NCRA has been published on DCCEEW's website.

74 The May 2023–24 Budget also provided departmental funding for various clean energy initiatives.

75 Department of Climate Change, Energy, the Environment and Water, 'National Climate Risk Assessment' [Internet], DCCEEW, Canberra, last updated 12 May 2023, available from <https://www.dcceew.gov.au/climate-change/policy/adaptation/ncra> [accessed 22 May 2023]. The website also notes that this will be the 'first' NCRA, with subsequent assessments of climate risk to be repeated over time.

76 Department of Climate Change, Energy, the Environment and Water, 'National Climate Risk Assessment' [Internet], DCCEEW, Canberra, last updated 12 May 2023, available from <https://www.dcceew.gov.au/climate-change/policy/adaptation/ncra> [accessed 22 May 2023].

77 Department of Climate Change, Energy, the Environment and Water, 'National Climate Risk Assessment Stage 1 has commenced', 26 July 2023, available from <https://www.dcceew.gov.au/about/news/ncra-stage-1-commenced> [accessed 1 November 2023].

3. Coordination and reporting

Areas examined

This chapter examines whether the Department of Climate Change, Energy, the Environment and Water (DCCEEW) has established effective coordination and reporting arrangements.

Conclusion

DCCEEW has established partly effective coordination and reporting arrangements. Cross-entity coordination arrangements and activities provide information on measures within the Powering Australia program of work, however DCCEEW cannot demonstrate that arrangements are fulfilling their intended role. Arrangements for managing stakeholder coordination and communication for the Powering Australia program of work have not yet been finalised. DCCEEW utilises existing arrangements for reporting national progress on climate change, which occurs on an annual basis. This reporting occurs at a high, aggregate level. There is no consolidated policy- and program-level reporting on progress, evaluation, and decision-making across the Powering Australia program of work.

Areas for improvement

The ANAO made two recommendations for DCCEEW to finalise the Powering Australia communication and stakeholder engagement plan and clarify roles, responsibilities and outcomes for stakeholder coordination and communication as soon as possible to support timely action and inform effective consultation processes; and to use its reporting to demonstrate that its management of climate and energy work clearly contributes to achieving Australia's climate change commitments including the contribution to emissions reduction.

The ANAO also identified three opportunities for improvement for DCCEEW to improve documentation of its meetings; develop and utilise guidance material to ensure a consistent understanding and definition of risk across business areas and entities; and establish system controls over documents used to track and report progress of measures.

3.1 In addition to the work undertaken by DCCEEW, achievement of Australia's climate change commitments will impact and be impacted by those outside of DCCEEW. Decision-making should consider entities undertaking their own actions, those with relevant knowledge, and those affected by the pursuit of Australia's climate change goals and commitments.⁷⁸ Effective coordination arrangements would support DCCEEW in understanding whether efforts of all stakeholders are contributing to progress against Australia's climate change goals and commitments.

3.2 Australia's Nationally Determined Contribution from June 2022 notes that the national targets and federal emissions reductions policies of the Australian Government are 'complemented by targets and measures implemented at the State and Territory level, which make a leading contribution to the decarbonisation of Australia's economy'.⁷⁹

78 The International Organization of Supreme Audit Institutions, *Auditing the Government Response to Climate Change - Guidance for Supreme Audit Institutions*, Working Group on Environmental Auditing, 2010, available from https://www.environmental-auditing.org/media/2505/2010_wgea_climate_change_guide_a4_web.pdf [accessed 1 August 2023].

79 Commonwealth of Australia, *Australia's Nationally Determined Contribution 2022*, Department of Industry, Science, Energy and Resources, Canberra, 2022.

Does DCCEEW have appropriate arrangements for cross-entity coordination to reduce conflicts and duplication of effort?

Cross-entity arrangements for coordination and reporting are focused on information sharing at a measure level for the Powering Australia program of work. DCCEEW does not use its cross-entity coordination arrangements to identify conflicts and duplication of effort across the Powering Australia program of work.

3.3 The Australian Government's programs and projects addressing climate change issues are being delivered by multiple agencies and entities.⁸⁰ DCCEEW's governance system for oversight of the Powering Australia program of work includes cross-portfolio groups at several levels, including ministers and accountable authorities.

Powering Australia interdepartmental committee

3.4 The Powering Australia interdepartmental committee (Powering Australia IDC) was responsible for coordination of the Australian Government's Powering Australia program of work from July 2022 to June 2023. Australian Government entities were represented on this committee at the deputy secretary level.⁸¹ The committee first endorsed terms of reference in April 2023.

3.5 In July 2023, the Net Zero Secretaries Committee and Net Zero Senior Officials Committee were established to support the Australian Government's Net Zero Economy Committee in cross-portfolio oversight of the net zero transformation (see Table 2.1). From July 2023 onwards, this includes interdepartmental coordination on the Powering Australia program of work.

Meeting purpose

3.6 Preparation for Powering Australia IDC meetings is the primary opportunity for DCCEEW to collate updates on the activities of other entities as they relate to the Powering Australia program of work. In August 2023, the Powering Australia IDC amended its terms of reference and reduced its own meeting cadence to quarterly in response to the new structure referred to in paragraph 3.5. Twelve Powering Australia IDC meetings were held between 1 July 2022 and 1 September 2023.

3.7 The terms of reference endorsed in April 2023 identified five roles for the Powering Australia IDC.

1. Support cross-portfolio co-ordination and strategic alignment on Powering Australia plan measures, and the commitment to achieve net zero emissions by 2050.
2. Review progress updates on the implementation of individual Powering Australia measures, and on emissions projections, to evaluate the progress of Powering Australia, and on achievement of net zero emissions by 2050.

80 Entities include the Australian Border Force; the Australian Energy Infrastructure Commissioner; the Australian Renewable Energy Agency (supporting); the Australian Taxation Office; the Department of Agriculture, Fisheries and Forestry; the Clean Energy Regulator (supporting); the Department of Defence; the Department of Employment and Workplace Relations; the Department of Finance; the Department of Foreign Affairs and Trade; the Department of Health and Aged Care; the Department of Home Affairs; the Department of Industry, Science and Resources; the Department of Infrastructure, Transport, Regional Development, Communications and the Arts; the Department of the Prime Minister and Cabinet; Services Australia; the Department of the Treasury; and the Office of National Intelligence.

81 See paragraph 3.14 for list of Powering Australia IDC members.

3. Identify emerging risks, interdependencies and cross-cutting issues relevant to the Powering Australia agenda.

4. Discuss and agree mitigation and contingency options for cross-cutting and emerging risks for Powering Australia initiatives.

5. Identify any issues that need to be escalated to the Secretaries Group on Climate Action.

3.8 The updated terms of reference introduced in August 2023 includes four roles, largely covering the same responsibilities. The primary differences between the two sets of roles are that:

- issues are to be escalated through the Net Zero Senior Officials Committee, as the Secretaries Group on Climate Action has been dissolved; and
- roles one and two are altered so that the Powering Australia IDC does not have responsibility over coordination or review of progress towards the achievement of net zero emissions by 2050.

3.9 The ANAO reviewed the available records for 11 Powering Australia IDC meetings prior to August 2023 to identify records of the committee fulfilling each role specified in the April 2023 terms of reference. Assessment of whether the Powering Australia IDC fulfilled its roles was limited by the quality of the records held by DCCEEW. Minutes were not available for all Powering Australia IDC meetings, and where they were available, they did not record conclusions or arising actions for all discussions.

3.10 For Powering Australia IDC meetings where records of discussion were available, the ANAO identified discussion of new measures, measures with changed risk ratings, and measures involved in Budget processes. Agenda items that included further detail on specific measures apart from whether the measure was new, had changed risk rating, or was involved in the Budget process were discussed in 10 of 11 meetings for which records are available.

3.11 All action items recorded at Powering Australia IDC meetings related to the meeting structure or provision of information. No action items were recorded relating to risk mitigation, contingency options, or escalation of issues to the Secretaries Group on Climate Action before the group was superseded by the Net Zero Senior Officials Committee in July 2023.

Opportunity for improvement

3.12 There is an opportunity for DCCEEW to improve documentation of its meetings, especially to support DCCEEW's ability to demonstrate that governance arrangements are fulfilling the expected purpose.

3.13 When preparing for Powering Australia IDC meetings, DCCEEW requests updates on measures from other Australian Government entities but does not provide these entities with details of progress on measures for which DCCEEW is responsible until meeting papers have been finalised and distributed. There is no record that duplicated effort or conflicting goals were considered in Powering Australia IDC meetings, outside of potentially duplicative stakeholder engagement (see paragraph 3.23). Discussion of measures at Powering Australia IDC meetings is directed to those identified to be at delivery risk.⁸²

82 See paragraphs 3.82 to 3.85 on delivery status of measures.

Attendance

3.14 Powering Australia IDC membership consists of Deputy Secretaries or Senior Executive Service (SES) Band 3s from 16 entities. These entities are the Attorney-General's Department; Austrade; the Department of Agriculture, Fisheries and Forestry; DCCEEW; the Department of Defence; the Department of Foreign Affairs and Trade; the Department of Employment and Workplace Relations; the Department of Finance; the Department of Health and Aged Care; the Department of Home Affairs; the Department of Industry, Science and Resources; Department of Infrastructure, Transport, Regional Development, Communications and the Arts; the Department of the Prime Minister and Cabinet; the Department of the Treasury; the National Indigenous Australians Agency; and the Office of National Intelligence.⁸³

3.15 Attendance records were available for eight of nine Powering Australia IDC meetings since 1 November 2022. Records of attendance were not available for meetings prior to November 2022. For the Powering Australia IDC meetings with attendance records, representatives from each entity attended at least one meeting and representatives from 12 entities attended seven or more meetings.⁸⁴

3.16 Both the April 2023 and August 2023 versions of the terms of reference permit attendance at the Powering Australia IDC meetings to be delegated. Although the Powering Australia IDC is nominally a committee for Deputy Secretaries or equivalent SES Band 3 officials, entities were represented 24 per cent of the time by an SES Band 3; and 51 per cent of the time by an SES Band 2 at the meetings for which records were available. This reliance on delegation was identified as a concern by DCCEEW's Climate and Energy Deputy Secretaries at an internal DCCEEW meeting in April 2023. There is no evidence that this issue was raised in a Powering Australia IDC meeting. Patterns of delegation have not reduced since April 2023.

3.17 DCCEEW advised the ANAO that 'members of the [Powering Australia] IDC, and their proxies, are accountable for, and should have visibility of, their entities reporting to the [Powering Australia] IDC.' Persistent and ongoing delegation of attendance creates risk that representatives do not have the expected level of authority.

Does DCCEEW have an appropriate approach to managing stakeholder coordination and communication?

A stakeholder engagement plan has been in draft since January 2023 and an interdepartmental working group to streamline external stakeholder communication has been established. DCCEEW coordinates with state and territory governments through the Energy and Climate

83 This comprises at least one entity to represent each currently in-progress measure in the Powering Australia Tracker (see Appendix 3). The Australian Energy Infrastructure Commissioner and Services Australia are listed in the 1 September 2023 Powering Australia Tracker as shared lead entities of two separate in-progress measures. These two entities are not members of the Powering Australia IDC.

84 Under both terms of reference, the Chief Executive Officer (CEO) of the Climate Change Authority (CCA) is invited to attend as an observer. The CEO of the CCA has been excluded from this analysis for clarity. Under the August 2023 terms of reference, the Chief Executive Officer of the Net Zero Economy Agency is also invited as an observer. The Net Zero Economy Agency was established in PM&C on 1 July 2023, and 'is responsible for promoting orderly and positive economic transformation as the world decarbonises, to ensure Australia, its regions and workers realise and share the benefits of the net zero economy.' Department of Prime Minister and Cabinet, 'Net Zero Economy Agency' [Internet], PM&C, available from <https://www.pmc.gov.au/netzero> [accessed 11 October 2023].

Change Ministerial Council, which is a continuation of a long-standing intergovernmental arrangement.

3.18 DCCEEW's 2023–24 Corporate Plan states that 'To deliver on our purposes... it is more important than ever to build and maintain strong and productive partnerships with a diverse range of stakeholders', including the Australian community, First Nations Peoples, and government agencies at the federal, state, territory, and local levels.

3.19 Implementation of the Powering Australia program of work will impact, and be impacted by, a range of non-government stakeholders, including industry and community groups, as well as the actions of state and territory governments. DCCEEW's approach to engagement differs between government and non-government stakeholders.

Approach to managing non-government stakeholders

3.20 The Australian Public Service Framework for Engagement and Participation provides best practice guidance for Australian Government entities on engagement, consultation, and collaboration with non-government stakeholders.⁸⁵ The framework states that 'it asks public servants to reflect on what expertise they require for the problem at hand, and what engagement will best obtain it, in their circumstances.'

3.21 There is no overarching strategy or framework specifying an approach to stakeholder engagement for the Powering Australia program of work. DCCEEW advised the ANAO that program and policy areas 'are best placed to determine the approach' to undertaking stakeholder engagement and that therefore engagement by DCCEEW with non-government stakeholders is undertaken by relevant teams soliciting input and providing information on their program. This audit has not assessed the stakeholder engagement of individual programs in DCCEEW.

3.22 There is a risk that teams delivering measures across the Powering Australia program of work target the same stakeholders, especially when considering the broad implications of climate change and energy policies. An example of this is seen in Case study 1.

Case study 1. DCCEEW structures for engagement with First Nations people

DCCEEW has identified First Nations people as a priority group for partnership in the achievement of DCCEEW's objectives.^a

In 2022–23, DCCEEW:

- commenced development of the First Nations Clean Energy Strategy, as monitored in the Powering Australia Tracker^b;
- formed an SES First Nations Community of Practice to discuss First Nations engagement across DCCEEW;
- established a First Nations branch within DCCEEW; and

85 Commonwealth of Australia, *The Australian Public Service Framework for Engagement and Participation*, Department of Industry, Science, Energy and Resources, Canberra, 2020, available from <https://www.industry.gov.au/sites/default/files/August%202021/document/aps-framework-for-engagement-and-participation.pdf> [accessed 15 March 2023].

- facilitated the formation of a cross-jurisdictional First Nations Engagement Working Group under the Energy and Climate Change Ministerial Council (ECMC).^c

Each of these elements is intended to support the coordination of engagement with First Nations people and communities that is being undertaken by DCCEEW policy holders.

In April 2023, DCCEEW established a First Nations Clean Energy and Emissions Reduction Advisory Committee, comprised of First Australians with expertise across 'Indigenous Affairs, energy, social and legal services', appointed by the Minister for Climate Change and Energy.^d The committee is to provide advice at request and on their own initiative, and 'does not replace' other consultation. The first meeting of this group occurred in July 2023.

In July 2023, DCCEEW's Climate and Energy Strategic Project Board (see paragraphs 2.51 to 2.58) discussed the First Nations Clean Energy Strategy. It noted that 'First Nations stakeholders are experiencing engagement fatigue and the need to streamline engagement'. It is not yet clear whether the work being undertaken to coordinate communication with First Nations people will address the risk of engagement fatigue identified by DCCEEW.

Note a: DCCEEW, 'Statement of Commitment to Aboriginal and Torres Strait Islander peoples' [Internet], DCCEEW, Canberra, 2023, available from <https://www.dcceew.gov.au/about/commitment/first-nations> [accessed 24 July 2023].

Note b: See paragraph 3.71 on the Powering Australia Tracker.

Note c: See paragraph 3.46 on the ECMC working groups.

Note d: DCCEEW, 'First Nations Clean Energy and Emissions Reduction Advisory Committee' [Internet], DCCEEW, Canberra, 2023, available from <https://www.dcceew.gov.au/climate-change/emissions-reduction/fnceerac> [accessed 26 September 2023].

Coordination of stakeholder communication approaches across government

3.23 At the December 2022 Powering Australia IDC meeting it was noted that 'while there are significant resources within agencies focused on climate and energy communication, efforts are mostly not well coordinated across agencies'. In order to better coordinate teams undertaking stakeholder communication, a whole-of-government climate change and energy communications working group (communications working group) was proposed and endorsed, with DCCEEW leading and providing the secretariat function for the group.

3.24 In January 2023, DCCEEW began drafting terms of reference for the communications working group, and a Powering Australia communication and stakeholder engagement plan (engagement plan). The engagement plan is yet to be approved.

3.25 The draft engagement plan is directed at policy holders across Australian Government entities to inform engagement with non-government stakeholders, including regional networks, industry bodies, and community groups. The draft engagement plan provides a list of examples of relevant stakeholders for 48 measures in the Powering Australia program of work. The engagement plan notes that 'the list is neither exhaustive nor can it always be correct, as the measures will shift.' The draft engagement plan does not identify deliverable goals or a plan to achieve them.

3.26 The communications working group was launched in March 2023. The communications working group is comprised of Executive Level staff from Australian Government entities whose teams undertake stakeholder communication for relevant climate and energy programs or policies.

3.27 The communications working group terms of reference identified the following desired outcomes.

- Better understanding and communication across the APS of the Australian Government's vision and role in tackling climate change and transitioning to renewable energies.
- Sharing learnings of community and regional communications and consultation and engagement preferences.
- Better understanding of communications and stakeholder engagement activities already being undertaken by agencies and improved coordination of such activities.
- Better delivery of information to the Australian public.
- Support more timely response to emerging issues at community, state and national levels.

3.28 The communications working group terms of reference specifies that it is to report to the Powering Australia IDC. The working group first reported to the Powering Australia IDC in August 2023, and identified three outputs in its presentation. These were:

- a GovTEAMS community;
- the 'Connecting on Climate Newsletter'; and
- working group monthly meetings.

3.29 The GovTEAMS site⁸⁶ and related Teams channels were established in April 2023 and are 'intended for working group members and guests to share resources, expertise, ideas and strategies for engaging communities.' Resources available on the GovTEAMS site include a consultation tracker of stakeholder consultation activities being undertaken across the Australian Public Service (APS), a calendar of events and milestones, a functional directory, and links to relevant research. The communications working group reported to the Powering Australia IDC in August 2023 that:

- the consultation tracker contained 74 public consultations provided by 10 agencies; and
- the calendar contained 40 events.

3.30 The ANAO identified 30 items in the consultation tracker that do not include any information on which stakeholders are being consulted.

3.31 The effectiveness of the public consultation tracker is dependent on member engagement. Keeping the public consultation tracker accurate requires communications working group members to submit and update their own consultation plans with all relevant details, and to review the public consultation tracker prior to committing to an approach to stakeholder consultation.

3.32 The Connecting on Climate Newsletter was launched 'to boost engagement and draw attention to resources on GovTEAMS'. Editions of the newsletter were distributed in July, September, and October 2023. The communications working group reported to the Powering Australia IDC in August 2023 that of the 208 recipients of the July newsletter, 62 opened the newsletter and 23 clicked through to the consultation tracker.

3.33 No metrics were provided to the Powering Australia IDC to assess the effectiveness of the communications working group. The communications working group met twice in June 2023, once in July, and once in September. Sixty-two people from at least 18 entities attended one meeting. There is no attendance record for the other meetings.

86 GovTEAMS is a whole-of-government virtual collaboration service for the APS. It includes a website and channels for broadcast and other messaging. GovTEAMS is managed by the Department of Finance.

Recommendation no. 4

3.34 The Department of Climate Change, Energy, the Environment and Water finalise the Powering Australia communication and stakeholder engagement plan and clarify roles, responsibilities, and outcomes for stakeholder coordination and communication to inform effective consultation processes.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

3.35 *The department recognises the importance of effective stakeholder engagement and communication to the achievement of climate change objectives, however, priorities and governance arrangements have evolved since the existing draft plan was created. DCCEEW will work with other departments and the Net Zero Economy Agency on an updated approach to stakeholder engagement and communication. This will include clarifying roles and responsibilities to achieve agreed outcomes.*

Approach to managing State and Territory governments

3.36 All Australian states and territories have set net zero emissions targets of 2050 or sooner, half of which are legislated targets.⁸⁷ The Powering Australia Plan specified that the Australian Government would need to ‘work with’ states and territories to achieve many of the listed measures.

3.37 Where the Australian Government works with state and territory governments, current best practice is defined by the Guidance for Intergovernmental Meetings released in November 2022, which was informed by the 2020 Review of Council of Australian Governments Councils and Ministerial Forums.⁸⁸ The Guidance for Intergovernmental Meetings prioritises ‘limiting bureaucratic processes and allowing Ministers space for strategic discussions and decision-making.’

3.38 The Energy and Climate Change Ministerial Council (ECMC) is chaired by the Federal Minister for Climate Change and Energy⁸⁹, and is the forum for ‘the Commonwealth, Australian states and territories, and New Zealand to work together on priority issues of national significance and key reforms in the energy and climate change sectors’.⁹⁰ The Australian Government established the ECMC in September 2022 by including climate change ministers in the scope of the existing Energy Ministers’ Meeting.⁹¹

87 All states and territories except for Tasmania and the Australian Capital Territory (ACT) have net zero by 2050 targets. The ACT, South Australia, Tasmania, and Victoria have legislated net zero targets. Tasmania achieved net zero in 2015, with a target year of 2030. The ACT’s net zero target year is 2045.

88 Mr Peter Conran AM led the 2020 Review of Council of Australian Governments (COAG) Councils and Ministerial Forums, which is also referred to as the Conran Review.

89 DCCEEW, ‘Membership’ [Internet], available from <https://www.energy.gov.au/government-priorities/energy-and-climate-change-ministerial-council/membership> [accessed 1 March 2023].

90 DCCEEW, ‘Energy and Climate Change Ministerial Council’ [Internet], available from <https://www.energy.gov.au/government-priorities/energy-and-climate-change-ministerial-council> [accessed 1 March 2023].

91 From February 2023, two of the four annual meetings of the ECMC are to be Energy Ministers Sub-Group meetings.

3.39 The ECMC decision-making and operational protocol provides a mechanism for decisions to be reached. Each item on the ECMC agenda includes a statement as to whether it is seeking agreement, a decision, information to be noted, or discussion.

3.40 The ECMC is supported by the Energy and Climate Change Senior Officials Group (ECSOG). ECSOG includes two senior officials from each Australian jurisdiction⁹², and one from New Zealand. ECSOG meets three weeks prior to each ECMC meeting.

Development of the National Energy Transformation Partnership governance structure

3.41 At the August 2022 Energy Ministers' Meeting, ministers agreed to the establishment of the National Energy Transformation Partnership (NETP).⁹³ The NETP is a framework for collaboration between the different governments, focused on shared principles.⁹⁴

3.42 In November 2022, a governance framework for the NETP was delivered by EY Australia. This framework proposed arrangements to establish 10 working groups, governance arrangements for those working groups, and a Ministerial Work Plan.

3.43 In February 2023, the ECMC endorsed the governance framework and agreed to five strategic priorities and a work program, which were to be underpinned by 15 working groups. The work program and the terms of reference for the working groups are to be reviewed annually.⁹⁵

3.44 The NETP governance framework does not specify responsibilities for any jurisdiction. The This framework proposed that DCCEEW form a working group with state and territory representatives to oversee short- and long-term implementation.

3.45 While the ECMC and ECSOG are responsible for the strategic direction of the NETP with the ECMC making all decisions, working groups are responsible for the delivery of work streams. This includes having operational, financial, and strategic oversight of work streams and projects.

3.46 As at September 2023, there are 14 ECMC working groups.⁹⁶ Working groups are comprised of an Australian government chair and secretariat, the leads of relevant work streams, and representatives from each jurisdiction at their discretion.

3.47 Responsibility for the Australian Government contribution to ECMC projects and working groups is integrated into relevant teams in DCCEEW. Where measures from the Powering Australia program of work involve cross-jurisdictional consultation or collaboration, this can be included as a ECMC working group project. For projects that are included in both programs of work, the relevant DCCEEW team is expected to report on progress through both governance structures.

92 The Australian Government senior officials are two DCCEEW Deputy Secretaries.

93 DCCEEW, 'National Energy Transformation Partnership' [Internet], available from <https://www.energy.gov.au/government-priorities/energy-and-climate-change-ministerial-council/priorities/national-energy-transformation-partnership> [accessed 13 June 2023].

94 The NETP is based on a workplan developed by Boston Consulting Group for Department of Industry, Science, Energy and Resources (DISER) in 2022. Work initiated by DISER for the NETP transferred to DCCEEW after the machinery of government change took effect on 1 July 2022.

95 Department of Climate Change, Energy, the Environment and Water, 'Energy and Climate Change Ministerial Council' [Internet], DCCEEW, 2023, available from <https://www.energy.gov.au/government-priorities/energy-and-climate-change-ministerial-council> [accessed 2 October 2023].

96 Ten of the working groups are specified in the NETP governance framework and relate to energy. The additional four relate to climate change.

Does DCCEEW make relevant performance information clear and accessible?

Reporting across the broader climate and energy portfolio includes technical information, project implementation, and progress towards climate change targets and commitments. DCCEEW continues to meet its climate commitment reporting requirements under international frameworks. This reporting does not demonstrate the contribution of DCCEEW's management of the Powering Australia program of work to Australia's climate change commitments.

3.48 Reporting on Australia's progress on its commitments allows government, industry, and community stakeholders to understand whether policies and programs being implemented are performing as intended and are on track to achieve the intended outcomes.

3.49 Under the national framework for roles and responsibilities for climate change adaptation, the Australian Government is responsible for generating and coordinating high quality national and regional climate projections for use by entities across the Australian Government, and by state, territory, and local governments.⁹⁷

International reporting frameworks and products

3.50 Transparency through reporting and review is a key element of the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC). Applicable modalities, procedures, and guidelines for the international reporting framework are based on guiding principles that include consistency, accuracy, and completeness.⁹⁸ Australia is required to submit documents to the UNFCCC, including plans to achieve high-level climate change commitments, and reporting that demonstrates progress towards targets. Reports submitted by Parties to the Paris Agreement are subject to technical review by the UNFCCC.

3.51 Australia's National Inventory Report fulfils Australia's annual inventory reporting obligation to the UNFCCC and the Paris Agreement. Australia's latest National Inventory Report for 2021 was submitted to the UNFCCC in April 2023. Australia's emissions projection report for 2022 was published in December 2022 and included projections to 2035.⁹⁹

3.52 As part of its preparation for developing and releasing Australia's emissions projection report for 2022, DCCEEW provided advice to the Minister for Climate Change and Energy that set out the expected impact of some Powering Australia measures on the 2030 target. Appendix B to the published emissions projection report notes that six policies or measures from the Powering Australia Plan are included in the baseline scenario, and an additional two policies in the 'with additional measures' scenario.

97 Council of Australian Governments' Select Council on Climate Change, 'Roles and Responsibilities for Climate Change Adaptation in Australia', COAG, 2012.

98 See United Nations Climate Change, 'Reporting and Review under the Paris Agreement' [Internet], UNFCCC, available from: <https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-paris-agreement> [accessed 24 July 2023].

99 Emissions projections are a mandatory reporting requirement and must be submitted as part of either a Party's National Communication or biennial report.

3.53 The emissions projections report for 2023 was published in December 2023.¹⁰⁰ The project plan for the 2023 emissions projections included criteria to determine which policies and targets should be included in the projection scenarios. This plan included the deadline of 31 July 2023 for announced policies. The 2023 report includes projections to 2035.

Annual climate reporting

3.54 DCCEEW manages Australia's National Greenhouse Accounts (ANGA), which provide information on Australia's historical, current and projected greenhouse gas emissions and fulfil international reporting obligations. Data from the ANGA informs the design and tracks the effectiveness of domestic climate action and progress towards emissions reduction targets.¹⁰¹ In addition to the National Inventory Report and emissions projections, ANGA includes National Greenhouse Gas Inventory Quarterly Updates; state and territory Greenhouse Gas Inventories; and National Inventory by Economic Sector.¹⁰²

3.55 Under section 14 of the *Climate Change Act 2022* (Climate Change Act), DCCEEW supports the Minister for Climate Change and Energy in tabling an Annual Climate Change Statement, informed by advice and recommendations from the Climate Change Authority (CCA). The Annual Climate Change Statement includes information on progress towards emissions reduction targets.

3.56 The CCA's advice on greenhouse gas emissions reduction targets to be included in a new or adjusted Nationally Determined Contribution (NDC) must be tabled in Parliament. Australia's next NDC is due to be submitted in 2025, with a target to 2035.¹⁰³ The CCA's advice in the form of its Annual Progress Report was tabled at the same time as the first Annual Climate Change Statement in December 2022.

3.57 In early December 2023, the Minister for Climate Change tabled the second Annual Climate Change Statement and the CCA's Annual Progress Report.¹⁰⁴ These documents coincided with the release of the emissions projections report for 2023 (see paragraph 3.53).

Emissions projections

3.58 Emissions projections can provide insight into how Australia is tracking towards its climate change targets by examining the potential impacts of policies and measures to reduce Australia's

100 The 2023 emissions projection report was published after audit fieldwork had concluded.

The 2023 emissions projection report is dated November 2023.

Department of Climate Change, Energy, the Environment and Water, *Australia's emissions projections 2023*, DCCEEW, Canberra, November 2023.

101 See Australia's National Greenhouse Accounts, available from

<https://www.greenhouseaccounts.climatechange.gov.au/> [accessed 27 July 2023].

102 The state and territory inventories and National Inventory by Economic Sector are disaggregated from the data in the National Inventory Report. The National Inventory by Economic Sector uses Australian and New Zealand Standard Industrial Classification (ANZSIC) economic sectors instead of the sectors set out in the IPCC guidelines. The quarterly updates, state and territory updates, and National Inventory by Economic Sector elements of ANGA are not obligations to the UNFCCC.

103 See 'Nationally Determined Contributions' section of <https://www.dcceew.gov.au/climate-change/international-commitments> [accessed 25 October 2023].

104 The CCA's Annual Progress Report is dated October 2023.

greenhouse gas emissions.¹⁰⁵ As noted in paragraph 1.14, Australia has submitted estimates of its past emissions to the UNFCCC since 1994.¹⁰⁶

3.59 DCCEEW advised the ANAO that the emissions inventory takes into account historical information including all policies, while emissions projections reporting takes into account existing policies and programs where possible. DCCEEW advised the ANAO that there was not enough information available on some Powering Australia measures to include data or scenarios in the 2022 emissions projection report.

3.60 A pilot of the Climate Impacts Statements (CIS) program which intends to model the emissions impact of new policy proposals is underway with a limited number of Australian Government entities for the 2023 Mid-Year Economic Fiscal Outlook (MYEFO) process (see paragraph 2.74). DCCEEW advised the ANAO that estimations of potential emissions reduction from new policy proposals can be performed in-house by request. This process is to be formalised by the CIS program.

Assessing emissions impact in policy

3.61 The ANAO reviewed 16 new policy proposals developed by DCCEEW for the October 2022–23 Budget process in the Climate Change, Energy, the Environment and Water portfolio. Four of these proposals make direct reference to a contribution or result expected to be achieved in terms of emissions abatement, energy use that may result in lower emissions, or the number of people involved or affected.

- One proposal refers to a range of potential abatement possible, depending on the projects approved and supported, expressed in kilotonnes to a forward year period.
- One proposal refers to supporting projects that may produce potential energy savings of an amount expressed in megatonnes to a forward year milestone.
- One proposal refers to the development of a workforce and the related support required for the generation of an energy source that is estimated to produce an amount of energy expressed in megatonnes to a forward year milestone.
- One proposal refers to the number of households estimated to be affected, depending on the projects approved and supported.

3.62 Of the remaining 12 proposals, nine related to regulatory, structural, or other governance arrangements that would not directly produce an emissions reduction. The final three proposals do not contain a reference to a contribution expected to be achieved, whether in terms of emissions abatement, energy use, or the number of people involved or affected.

3.63 DCCEEW advised the ANAO that it does not use the Powering Australia Plan as an organising concept for its work (see paragraph 2.21). The October 2022–23 Budget papers contained eight

105 Department of Climate Change, Energy, the Environment and Water, *Australia's Emissions Projections 2022*, DCCEEW, Canberra, December 2022, p. 2.

106 Australia's first inventory and emissions projection estimates were submitted in 1994 as part of its First National Communication for the year 1990. Australia's National Inventory Reports from 2008 to 2020 were developed and submitted under the UNFCCC and its Kyoto Protocol. These reports contained estimates of past emissions for the period 1990 to the year of the report, and preliminary estimates for the following year. That is, the report for 2008 was published in 2010, and contained estimates of past emissions from 1990 to 2008, and preliminary estimates of emissions for the year 2009.

measures that had ‘Powering Australia’ in the measure title, four of which were in the Climate Change, Energy, the Environment and Water portfolio.¹⁰⁷

3.64 The ANAO identified three additional measures in the October 2022–23 Budget in the Climate Change, Energy, the Environment and Water portfolio that are measures described in the Powering Australia Plan, and three that are related to or consistent with measures described in the Powering Australia Plan. These six measures are not identified as ‘Powering Australia’ measures in the October 2022–23 Budget papers.

3.65 Emissions modelling and estimation has not been undertaken for all measures in the Powering Australia program of work, although some measures have been included in Australia’s emissions projections report for 2022 (see paragraph 3.52). DCCEEW advised the ANAO that it undertakes analysis of abatement estimates to support the design and development of individual initiatives, not to understand the contribution of the Powering Australia program of work to emissions reduction targets.

3.66 Although there is a wealth of technical climate information being developed and reported by DCCEEW on an annual, aggregate basis, the impact of individual climate and energy policies is not clear, and the CIS program intended to produce this information is not yet in place. Having this information would support transparency over Budget allocations and provide a better understanding of the impact of policies on the achievement of Australia’s climate change commitments.

DCCEEW Corporate Plan

3.67 DCCEEW’s Corporate Plan 2023–24 was published in September 2023. The Corporate Plan states DCCEEW’s purposes as:

We drive Australian climate action; transform Australia’s energy system to support net zero emissions while maintaining its affordability, security and reliability; conserve, protect, and sustainably manage our environment and water resources through a nature positive approach; protect our cultural heritage; and contribute to international progress on these issues.

3.68 Outcome 1: Climate change and energy is to:

Support the transition of Australia’s economy to net zero emissions by 2050; transition energy to support net zero while maintaining security, reliability and affordability; support actions to promote adaptation and strengthen resilience of Australia’s economy, society and environment; and take a leadership role in responding to climate change.

3.69 Table 3.1 sets out the key activities and performance measures for Outcome 1.

Table 3.1: DCCEEW Corporate Plan — Outcome 1: Climate change and energy

Key activities	Performance measures	ANAO comment
1.1: Reduce Australia’s greenhouse gas emissions	CCE01: Australia’s emissions and projected emissions are on track to meet legislated commitments.	Outputs for performance measure include Australia’s inventory and emissions projection reporting, and the Annual Climate Change Statement.

107 Commonwealth of Australia, Budget 2022–23, Budget Paper No. 2, pp. vii–x.

Key activities	Performance measures	ANAO comment
	CCE02: Share of renewables in Australia's electricity mix.	This performance measure relates to the 82% Renewable Energy Target.
1.2: Support reliable, secure and affordable energy	CCE03: Proportion of GEMS ^a registration applications processed by the GEMS Regulator within 14 days from the time of application.	—
	CCE04: Investment leveraged through portfolio low emissions technology initiatives.	The rationale for this performance measure refers to investment '[underpinning] the Powering Australia plan's aim to reduce Australia's greenhouse gas emissions by 43% by 2030 and support net zero emissions by 2050'.
	CCE05: Maintain Australia's security of supply of quality liquid fuels.	—
1.3: Drive climate adaptation and resilience	CCE06: Australia has a plan to adapt to nationally significant climate risks.	This performance measure refers to the completion of both the National Climate Risk Assessment and the National Adaptation Plan. ^b Both documents are being monitored as part of the Powering Australia program of work.

Note a: The Greenhouse and Energy Minimum Standards Regulator (GEMS Regulator) is responsible for administering the *Greenhouse and Energy Minimum Standards Act 2012*. The applications referred to in the performance measure relate to registrations for energy efficient appliances and equipment.

Note b: National Climate Risk Assessment, see paragraph 2.76; and National Adaptation Plan, see paragraph 2.9.

Source: DCCEEW Corporate Plan 2023–24.

3.70 DCCEEW refers to the Powering Australia Plan in its corporate reporting but does not specify that it or a broader Powering Australia program of work is a discrete program or set of initiatives. DCCEEW's corporate reporting does not identify how the Powering Australia program of work contributes towards DCCEEW's purpose and outcome.¹⁰⁸

Powering Australia Tracker

3.71 DCCEEW produces reporting on the progress of projects in the Powering Australia program of work. This is in addition to annual reporting on Australia's overall ambitions and commitments (see paragraphs 3.54 to 3.57), and involves multiple entities, bodies, and stakeholders across government.

¹⁰⁸ In 2019–20, the ANAO commenced annual performance statements audits of Commonwealth entities. Following a request from the Minister for Finance in July 2023, the program for 2023–24 will include 14 entities. DCCEEW is not one of these entities and has not yet taken part in a performance statements audit by the ANAO.

3.72 DCCEEW maintains a document known as the ‘Powering Australia Tracker’ to monitor the progress of climate- and energy-related measures across portfolios, including measures that DCCEEW has identified as election commitments (see Appendix 3). The structure and format of the Powering Australia Tracker has changed over time.

3.73 All iterations of the Powering Australia Tracker consist of tables that set out climate and energy measures; the status of measures including previous and upcoming events; key briefing and decisions; and the ministers and Australian Government entities involved in delivery of the measure. The measures included in the first measure tracker document were identified as election commitments and ‘other high priorities’.

3.74 The Powering Australia Tracker is updated weekly with oversight by DCCEEW’s senior executive (see paragraph 2.36). The Powering Australia Tracker is part of the agenda at weekly meetings with DCCEEW and the Minister for Climate Change and Energy, and the Assistant Minister for Climate Change and Energy (see paragraph 2.38).

3.75 A version of the Powering Australia Tracker is prepared by DCCEEW for the Powering Australia IDC meetings with other Australian Government entities (see paragraph 3.4). This version was updated approximately monthly for each Powering Australia IDC meeting from June 2022 until July 2023 (see paragraph 3.6).

3.76 DCCEEW maintains one procedural document for the process of updating the Powering Australia Tracker for weekly meetings, and a separate procedural document for preparing the version for Powering Australia IDC meetings.

3.77 Measures in the Powering Australia Tracker are assigned to one of five categories¹⁰⁹; one of three priorities; and one of three ‘traffic light’ ratings.

Priority setting

3.78 In January 2023, DCCEEW developed a prioritisation matrix in consultation with the Minister for Climate Change and Energy. Measures were categorised in the matrix according to whether they were low, moderate, or high importance over the next 12 months; and whether they were signature commitments, priority commitments, commitments, or other.

3.79 Since February 2023, measures have been assigned priorities in the Powering Australia Tracker which informs the order in which they are shown in the table. The priorities used are ‘high’, ‘medium’, and ‘other’. DCCEEW advised the ANAO that the ‘other’ rating refers to measures not rated ‘high’ or ‘medium’.

3.80 As at 1 September 2023, of the 102 total measures being tracked within the Powering Australia Tracker:

- fourteen (13.73 per cent) are recorded as having been delivered;
- sixteen (15.69 per cent) were rated as high priority;
- twenty-one (20.58 per cent) were rated as medium priority; and
- fifty-one (50.00 per cent) were rated as other priority.




¹⁰⁹ The five categories are international leadership; pathway to achieve emissions reduction targets; energy and regional transformation that drives investment, job creation and energy security; adaptation and climate risk; and First Nations.

3.81 Priority ratings are not used in the version of the Powering Australia Tracker prepared for the Powering Australia IDC meetings.

Status of measures

3.82 Traffic light ratings are assigned to each measure within the Powering Australia Tracker. The previous and the current traffic light rating are shown for each measure in each weekly iteration. A legend for the traffic light rating as provided in the Powering Australia Tracker is in Table 3.2.

Table 3.2: Powering Australia Tracker traffic light ratings

Rating	Definition
	RED: Significant risks exist that require Ministerial attention to resolve.
	AMBER: Risk(s) exist which may cause delays or impact on implementation and warrant Ministerial visibility. These risks are being actively managed by the Department.
	GREEN: On track.

Source: ANAO summary of DCCEEW documentation.

3.83 The weekly traffic light rating for each measure is approved by the responsible DCCEEW Senior Executive Service (SES) Band 2. Other than the legend available in the Powering Australia Tracker document, no guidance material is provided to determine measure ratings, including definitions of ‘risk’, ‘significant risk’, ‘delays or impact’, and ‘actively managed’.

3.84 As at 1 September 2023, of 88 in progress measures in the Powering Australia Tracker:

- one was rated ‘red’;
- ten were rated ‘amber; and
- seventy-seven were rated ‘green’.

3.85 Measures rated ‘red’ or ‘amber’ are presented first in the Powering Australia Tracker, in a table labelled ‘Measures at Delivery Risk’.

3.86 In the version of the tracker prepared for Powering Australia IDC meetings, the traffic light ratings for measures not led by DCCEEW are determined at the discretion of the Australian Government entity leading delivery of the measure, also at an SES Band 2 level.

Opportunity for improvement

3.87 There is an opportunity for DCCEEW to develop and utilise guidance material to ensure a consistent understanding and definition of risk across business areas and entities providing input to the reporting process for the Powering Australia program of work.

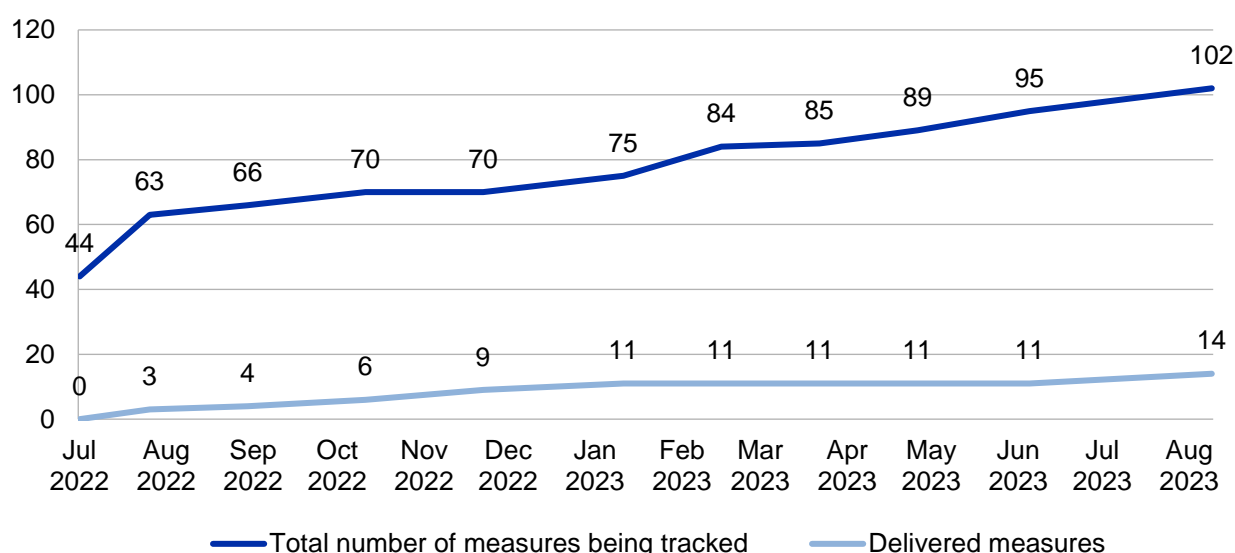
3.88 The Powering Australia Tracker does not include an indication of the ongoing implementation status of measures such as proportion or per cent complete, or an expected completion date. DCCEEW advised the ANAO that a separate reporting process focuses on the tracking of measure milestones (see paragraphs 3.106 to 3.110). Measures are marked as complete in the Powering Australia Tracker when DCCEEW consider they are delivered. There is no process for DCCEEW to conduct assurance over measure status, including those reported as delivered in the Powering Australia Tracker.

Adding measures

3.89 The number of measures in the Powering Australia Tracker has increased over time. The ANAO identified 19 measures from the Powering Australia Plan that correspond to 24 measures in the Powering Australia Tracker. There was no DCCEEW process that mapped Powering Australia Plan measures to the Powering Australia Tracker, although early iterations of the measure tracking document focused on key briefing and decisions that needed to be made to deliver 'election commitments and other high priorities'. DCCEEW advised the ANAO that the Powering Australia Tracker is organised in line with the Minister for Climate Change and Energy's Charter Letter objectives and not the Powering Australia Plan.

3.90 As shown in Figure 3.1, the total number of measures included in the Powering Australia Tracker more than doubled from July 2022 to August 2023. The number of measures delivered has increased over the same time.

Figure 3.1: Total number of measures in the Powering Australia Tracker since July 2022



Source: ANAO analysis.

3.91 DCCEEW advised the ANAO that measures are included in the Powering Australia Tracker if they are publicly announced or not publicly announced but considered 'priority policy or implementation work'. DCCEEW advised the ANAO that DCCEEW-led measures can be proposed for inclusion or amendment¹¹⁰ in the Powering Australia Tracker in four ways.

- Proposed by the business area responsible for compiling the Powering Australia Tracker.
- Proposed by the business area responsible for the measure or measures.
- Proposed by the Minister.
- Proposed by the Deputy Secretary of either Climate or Energy Groups.

3.92 The process for adding measures to the Powering Australia Tracker summarised above is not captured in DCCEEW's procedural document for updating the Powering Australia Tracker.

¹¹⁰ Amendment of a measure can include the splitting or renaming of a measure.

3.93 DCCEEW advised the ANAO that the relevant DCCEEW SES Band 2 for the measure approves any inclusions or amendments, and that Deputy Secretaries and the Minister can review these inclusions or amendments in the Powering Australia Tracker. The process summarised above relies on the corporate knowledge of the business area responsible for compiling the Powering Australia Tracker and on decisions made by senior officials that are not consistently documented (see paragraphs 2.37, and 3.9 to 3.11).

3.94 DCCEEW's procedural document for preparing the version of the tracker for Powering Australia IDC meetings does not contemplate other Australian Government entities requesting a new measure be added.

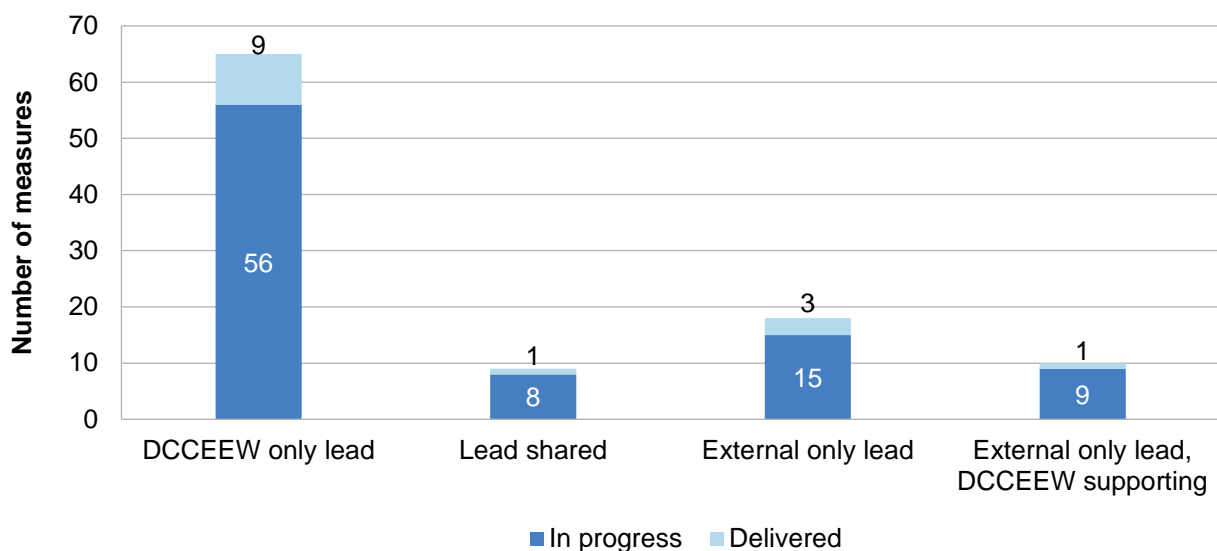
Updating measures

3.95 For weekly updates to measures in the Powering Australia Tracker, DCCEEW emails internal contacts and requests written updates. Updates to measures are made manually in the Powering Australia Tracker document. The Powering Australia Tracker is reviewed by DCCEEW senior executives before weekly meetings with the Minister and Assistant Minister (see paragraph 3.74).

3.96 For the version of the Powering Australia Tracker prepared for Powering Australia IDC meetings, DCCEEW emails other Australian Government entity contacts with responsibility for leading measures and requests written updates. Updates to measures are made manually in this version of the Powering Australia Tracker document.

3.97 Of the 102 measures in the Powering Australia Tracker on 1 September 2023, 37 list at least one Australian Government entity lead that is not DCCEEW. This is set out in Figure 3.2.

Figure 3.2: Count of measures by entity role and delivery status recorded in the Powering Australia Tracker at 1 September 2023



Source: ANAO analysis.

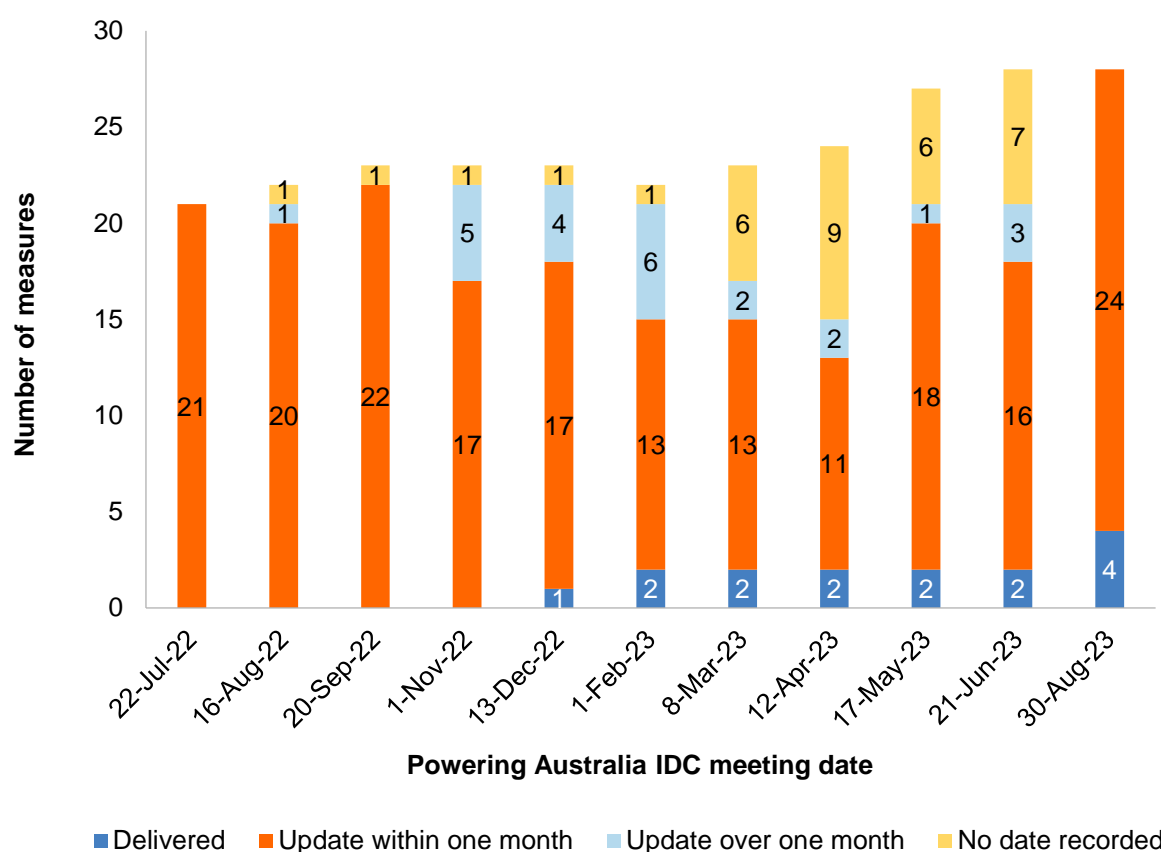
3.98 DCCEEW have contact lists linked in both procedural documents for preparing trackers. DCCEEW's procedural document for preparing the version of the tracker for Powering Australia IDC meetings notes that 'it can be difficult keeping track of what the permanent membership of the committee is'. These contact lists do not have version history or retain records of past contacts.

3.99 The procedural guidance for preparing the version of the Powering Australia Tracker used in Powering Australia IDC meetings states that when updates are received from other Australian Government entities, DCCEEW should record the date of last update, including if the entity provides a 'nil update'.

3.100 DCCEEW does not record the date of last update when updates are made by DCCEEW's internal teams to measures led or shared by DCCEEW with another Australian Government entity ('Lead shared' in Figure 3.2). ANAO analysis found that most 'lead shared' measures do not record a date of update for most months, including whether this is because a DCCEEW internal team has provided an update, or because another Australian Government entity has not provided an update.

3.101 The record of updates to measures where all leads are external to DCCEEW ('External only lead' and 'External only lead, DCCEEW supporting' in Figure 3.2) is shown in Figure 3.3.

Figure 3.3: Updates to measures not led by DCCEEW tracked in Powering Australia IDC meetings



Source: ANAO analysis.

3.102 Emails from other Australian Government entities containing updates have not been stored in DCCEEW's record keeping systems. As the text of updates provided by other Australian Government entities cannot be verified against a source, DCCEEW does not have assurance over the accuracy of information.

3.103 DCCEEW advised the ANAO that responses are reviewed for missing or outdated information and measures with statuses that change are reflected as a 'measure at delivery risk'. There is no guidance material or documented procedure to demonstrate how DCCEEW determines

that responses have missing or outdated information, if this is not highlighted in the response from the other Australian Government entity. The determination of measure status is discussed in paragraphs 3.78 to 3.84.

3.104 From May 2023, DCCEEW started maintaining a spreadsheet that monitored whether an update was received for each measure in the Powering Australia Tracker, including the version prepared for the Powering Australia IDC meetings. As at 22 June 2023, the spreadsheet monitors weekly responses from six DCCEEW divisional contacts and 60 DCCEEW measure-specific contacts; and monthly responses from 22 non-DCCEEW measure-specific contacts.¹¹¹ This information on measure update status is not made available at Powering Australia IDC meetings.

Opportunity for improvement

3.105 There is an opportunity for DCCEEW to establish system controls over documents used to track and report progress of measures to provide assurance over the completeness and accuracy of information.

Priority and Delivery Committee

3.106 A reporting process for the Priority and Delivery Committee (PDC) is managed by the Department of the Prime Minister and Cabinet (PM&C). The standing members of the PDC are the Prime Minister, the Minister for Finance, and the Treasurer. The PDC is to provide ‘regular oversight of the delivery of key Government policies and priorities’.¹¹²

3.107 DCCEEW uses information from the Powering Australia Tracker (see paragraphs 3.72 to 3.104) and feedback from relevant business areas in DCCEEW to develop input for the PDC reporting process. DCCEEW has contributed to four rounds of PDC reporting as at October 2023, approximately once every two months since February 2023. The categories used in PDC reports are different to those used in the Powering Australia Tracker (see paragraph 3.77).

3.108 Not all measures identified by DCCEEW as election commitments in the Powering Australia Tracker are reported in DCCEEW’s contributions to PDC reporting. The number of measures reported by DCCEEW has increased in each round of PDC reporting although the additional measures reported were not new measures or new commitments.

3.109 The structure of PDC reports has changed with each iteration since the process began in February 2023. PM&C has provided guidance material and feedback to DCCEEW on the content of DCCEEW’s contributions. DCCEEW has developed supplemental internal guidance material to support adherence to PM&C requirements.

3.110 Although DCCEEW is unable to substantially influence the format and structure of the PDC reporting process, there may be merit in DCCEEW considering all reporting products and processes to which it inputs to ensure that reporting progress on key measures and commitments is clear,

111 Of 22 measures led by an Australian Government entity other than DCCEEW, seven noted a lead department and key contact, 14 noted a lead department but no key contact, and one had no lead department or key contact noted.

112 See ‘Priority and Delivery Committee’ entry in the Australian Government Directory, available from <https://www.directory.gov.au/commonwealth-parliament/cabinet/cabinet-committees/priority-and-delivery-committee> [accessed 12 September 2023].

accurate, and provides useful information to support understanding of progress and the achievement of objectives and outcomes.

3.111 While not all reporting on climate- and energy-related work is the sole responsibility of DCCEEW, it is responsible for generating and collating the information to enable Australia to monitor and report progress towards the achievement of climate change commitments. Timely reporting on the performance of measures in the Powering Australia program of work including the status, progress, and expected contribution of projects would provide DCCEEW with assurance that intended outcomes will be achieved, and that forecasts or estimates of expected results are reliable.

Recommendation no. 5

3.112 The Department of Climate Change, Energy, the Environment use its reporting to demonstrate that its management of climate and energy work clearly contributes to achieving Australia's climate change commitments including the contribution to emissions reduction.

Department of Climate Change, Energy, the Environment and Water response: *Agreed.*

3.113 *The department is committed to providing a clear line of sight between its key activities and purposes. We are developing measures to more clearly demonstrate that the Department's activities contribute to the reduction of greenhouse gas emissions and to adaptation to complement the comprehensive and fully transparent reporting that is already undertaken as required under the United Nations Framework Convention on Climate Change.*



Grant Hehir
Auditor-General

Canberra ACT
15 January 2024

Appendices

Appendix 1 Entity response



Australian Government
Department of Climate Change, Energy,
the Environment and Water

David Fredericks PSM
Secretary

Our Ref: EC23-003406

Mr Grant Hehir
Auditor-General
Australian National Audit Office
Office of the Auditor-General
officeoftheauditorgeneralperformanceaudit@anao.gov.au

Dear Mr Hehir

Thank you for your correspondence of 2 November 2023 seeking comment on the audit report for the performance audit of the governance of climate change commitments.

Pursuant to section 19 of the *Auditor-General Act 1997*, the Department of Climate Change, Energy, the Environment and Water (the department) has prepared a response to the report (Appendix A).

The Government has a comprehensive agenda to drive Australian climate action and transition the energy sector to support net zero, while maintaining affordable, secure and reliable energy. The program of work includes a range of interconnected policy, program and regulatory measures. Effective governance and coordination arrangements are critical to the successful implementation of this agenda.

I am pleased with the progress made on establishing the departmental policies, processes and practices needed to deliver on the Government's agenda since the department was created on 1 July 2022.

The department agrees with the recommendations made by the ANAO. I thank the ANAO for its concerted effort to identify areas for improvement in the way the department governs the climate and energy program of work. The program of work is designed to manage the significant challenges that lie ahead in achieving net zero emissions by 2050 and responding to the impacts of climate change.

The Government has clear, specific, measurable, time bound targets of reducing emissions to no more than 43% below 2005 levels of emissions by 2030 and to achieve net zero emissions by 2050. It has a clear strategy to achieve its 2030 target and a process underway to develop a detailed strategy to achieve the additional emissions reductions needed by 2050 (2050 Net Zero Plan). For 2030 the strategy (reflected in our work program) can be summarised as follows:

- decarbonise the electricity sector (specifically, to reach 82 percent renewables by 2030 with the recent announcement of the expanded Capacity Investment Scheme designed specifically to achieve this outcome);
- enable the electrification of other sectors (for example through the National Electric Vehicle Strategy, improve energy efficiency through a range of programs including the National Energy Performance Strategy, and encourage fuel switching through the Powering Australia - Industrial Transformation Stream);
- reduce the emissions from major industrial facilities (achieved using the Safeguard Mechanism which took effect from 1 July 2023); and

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1

- provide flexibility for industrial facilities and incentives for further voluntary action through high integrity Australian Carbon Credit Units.

Progress reporting on the strategy for the 2030 target (and for the strategy to achieve net zero emissions that is under development) occurs through the Annual Climate Change Statement to Parliament, the Climate Change Authority's Annual Progress Report, Australia's annual Emissions Projections Report and the annual and quarterly updates to the National Greenhouse Gas Inventory.⁵

The Greenhouse Gas Inventories reflect the aggregate impact of policies on historical emissions, while the Annual Emissions Projections incorporate the expected impact of existing and some forthcoming policies on Australia's emissions at the national and sectoral level to 2035. Both the inventory and projections are publicly available and are developed in accordance with international rules and guidance from the United Nations Framework Convention on Climate Change and the Intergovernmental Panel on Climate Change, and are subject to regular international expert review.

The department finds it hard to reconcile these facts with the conclusion drawn in the audit report that 'DCCEEW reports annually on progress towards targets, however is unable to demonstrate the extent to which specific Australian Government policies and programs have contributed or are expected to contribute towards overall emissions reduction'.

The comprehensive aggregate national and sectoral analysis is complemented by detailed analysis of individual measures applied to the most significant individual emissions reduction policy reforms during policy development. Some of this analysis is published, and some is provided in-confidence to inform Cabinet deliberations. As example of the latter, we have completed detailed analysis of the emissions impact of the Government's Safeguard Mechanism reforms and the 82% national renewable electricity target, and (in collaboration with the department of Infrastructure, Transport, Regional Development, Communications and the Arts) we are analysing the impact of a fuel efficiency standard for light vehicles. In relation to the 82% renewable target, this analysis incorporates the impact of a suite of Cabinet-approved policies designed collectively to achieve the target, such as the Capacity Investment Scheme and Rewiring the Nation.⁶

The department has also undertaken analysis of other climate policy measures, such as increased public finance for household energy upgrades, in the context of federal budget processes. This provides indicative estimates of the implications for sectoral and national emissions, helping quantify the costs and benefits of the proposal to inform Government decisions.

The aggregate and individual measure-level analysis is not straightforward. Different policies and measures interact, including those that directly drive emission reductions, and those that enable change through regulatory, infrastructure and other support. Changes in one sector affect another, for example, increasing take up of electric vehicles changes demand for liquid fuels and electricity, and in turn the emissions associated with energy supply. In addition, the global economic, technological and social context is constantly changing. Our analysis is designed to inform government decisions, prioritises material changes, and accepts that it is neither practical nor efficient to pursue precise estimates of the impact of all individual specific measures.⁷

The department acknowledges that there is a need for us to build on the arrangements we have developed to date. We recognise there are opportunities for us to further improve and mature the existing governance arrangements we have established in relation to risk, information management, reporting, and the coordination of stakeholder engagement and communication. For this reason, we accept and agree the five recommendations in the audit report. For some of these recommendations we have already commenced the work necessary to implement them; for others we will do so in due course.

I also take this opportunity to advise that the guidance for development of climate risk strategies and frameworks for use by Australian Government entities, which includes the experience gained by DCCEEW in considering its own policies and measures, was released to APS agencies (via APSC Academy) on 10 November 2023.

I would like to thank the ANAO for its collaborative approach throughout the audit process.

Kind regards

A handwritten signature in black ink, appearing to be 'DF', with a long horizontal flourish extending to the right.

David Fredericks
Secretary

1 December 2023

Encl. Department Response to s19 Audit Report

ANAO comment on Department of Climate Change, Energy, the Environment and Water response

- (a) As outlined at paragraph 15, DCCEEW does not have a single, structured plan or strategy that links activities being undertaken to the achievement of emissions reduction targets. This includes the program of climate- and energy-related work, as outlined at paragraphs 2.26 and 3.70.
- (b) As outlined at paragraph 12 of the audit report, the ANAO acknowledges that DCCEEW reports annually on emissions inventory and projections. This emissions reporting informs the reporting of overall progress against climate change targets, as outlined at paragraphs 3.52 and 3.54.
- (c) As outlined at paragraphs 3.49 and 3.50, the ANAO acknowledges that DCCEEW has arrangements in place to meet climate commitment reporting requirements under international frameworks. The inclusion of select policies in emissions impact modelling under certain scenarios is outlined at paragraphs 3.51, 3.52, 3.59, and 3.65. The analysis of some other policies for indicative estimates of the implications for sectoral and national emissions is outlined at paragraphs 3.61, 3.62, and 3.64. However, as outlined in paragraph 14, this reporting does not clearly demonstrate the contribution of DCCEEW's management of the Powering Australia program of work to Australia's climate change commitments.
- (d) As outlined at paragraph 2.26, DCCEEW's monitoring of the progress of climate- and energy-related work does not include an indication of what contribution measures will make towards emissions reduction targets. Because of this, DCCEEW is unable to demonstrate the impact of its work on climate change targets, as set out at paragraph 2.28 and in Recommendation no.1.

Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.
2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's 2023–24 Corporate Plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:
 - strengthening governance arrangements;
 - introducing or revising policies, strategies, guidelines or administrative processes; and
 - initiating reviews or investigations.
4. In this context, the ANAO observed the entity making changes to governance arrangements and administrative processes during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.
 - As noted in paragraph 2.56, the Department of Climate Change, Energy, the Environment and Water (DCCEEW) started to track action items arising from discussions at Board meetings.
 - As noted in paragraph 3.6, DCCEEW revised the terms of reference and altered the meeting cadence for its key interdepartmental committee to account for a new, externally-led governance structure.
 - As noted in Figure 3.3, all externally-led measures in the Whole-of-Government Tracker were recorded as having been updated within the required timeframe in August 2023.
 - As noted in paragraph 3.104, DCCEEW developed a monitoring spreadsheet to record received updates to the Powering Australia Tracker.

Appendix 3 Powering Australia Tracker

1. Table A.1 reproduces the Powering Australia Tracker dated 1 September 2023. DCCEEW uses bold text to indicate measures that are election commitments, replicated by the ANAO in the table. The measures have been numbered by the ANAO for clarity.
2. This table identifies 103 measures. ANAO analysis performed for this report treated the inaugural (2022; numbered 96 below) and forthcoming (2023; numbered 40 below) Annual Climate Change Statement measures as one, and so the report text refers to 102 measures (see paragraphs 3.80 and 3.97). DCCEEW advised the ANAO that the Annual Climate Change Statement will be added to the tracker and marked as delivered per calendar year.

Table A.1: Powering Australia Tracker 1 September 2023

	Measure	Departments	Status
1.	Securing Australia's climate leadership and future as a clean energy superpower	Lead: DCCEEW Supporting: DFAT, Treasury and DISR	In progress
2.	82% renewable electricity target	DCCEEW	In progress
3.	Net Zero plan and 2035 target	DCCEEW	In progress
4.	Driving the Nation Fund	Lead: DCCEEW Supporting: ARENA	In progress
5.	Implement an Australian Light Vehicle Fuel Efficiency Standards	Lead: DITRDCA Supporting: DCCEEW	In progress
6.	Summer readiness	DCCEEW	In progress
7.	Marinus Link	DCCEEW	In progress
8.	Powering Australia — Rewiring the Nation	Lead: DCCEEW Supporting: Finance and Treasury	In progress
9.	Community Engagement Review	DCCEEW and AEIC	In progress
10.	Capacity Investment Scheme	DCCEEW	In progress
11.	Powering Australia — Community Batteries for Household Solar	DCCEEW	In progress
12.	Powering Australia — Solar Banks	DCCEEW	In progress
13.	Powering Australia — Kurri Power Plant	Lead: DCCEEW Supporting: Finance	In progress
14.	Snowy 2.0	Lead: DCCEEW Supporting: Finance	In progress
15.	Managing the impacts of Thermal Generation Closures	Lead: PMC and DCCEEW Supporting: DISR, DITRDCA and DEWR	In progress
16.	Net Zero Authority	PM&C	In progress
17.	Bid to host a future COP with the Pacific	Lead: DCCEEW Supporting: DFAT	In progress

	Measure	Departments	Status
18.	ECMC — Beetaloo	Lead: DCCEEW Supporting: DISR	In progress
19.	Powering Australia — Implementation of the Independent Review of Australian Carbon Credit Units	DCCEEW	In progress
20.	Powering Australia — Improve Safeguard Mechanism by declining baselines	DCCEEW	In progress
21.	Hydrogen Strategy	DCCEEW	In progress
22.	Hydrogen Headstart program	DCCEEW	In progress
23.	Hunter Hydrogen Hub	DCCEEW	In progress
24.	Townsville Hydrogen Hub	DCCEEW	In progress
25.	Powering Australia — Powering the Regions Fund	Lead: DCCEEW Supporting: DISR, DITRDCA and DEWR	In progress
26.	Guarantee of Origin (GO) scheme	Lead: DCCEEW Supporting: Clean Energy Regulator	In progress
27.	Establishing Offshore Renewables in Australia	DCCEEW	In progress
28.	National Energy Transformation Partnership (NETP)	DCCEEW	In progress
29.	Emissions objective included in National Energy Objectives (NEOs)	DCCEEW	In progress
30.	Mandatory Gas Code of Conduct	DCCEEW, Treasury and DISR	In progress
31.	Household Energy Upgrades Fund — establishment	DCCEEW	In progress
32.	Community Energy Upgrades Fund — establishment	DCCEEW	In progress
33.	National Energy Performance Strategy	DCCEEW	In progress
34.	Demand Side Measures to support Powering Australia	DCCEEW	In progress
35.	Australian Climate Service reforms	DCCEEW	In progress
36.	National Adaptation Plan	DCCEEW	In progress
37.	Engaging with First Nations Peoples on Climate Change	DCCEEW	In progress
38.	Australian – Indian Hydrogen Taskforce	DCCEEW	In progress

	Measure	Departments	Status
39.	Restoring Australia as a trusted global partner on climate action, including making climate change a centrepiece of the US relationship and the \$200m climate and infrastructure partnership with Indonesia	DCCEEW	In progress
40.	Annual Climate Change Statement to Parliament 2023	DCCEEW	In progress
41.	Legislation review into emissions reduction targets	DCCEEW	In progress
42.	Carbon Farming Outreach Program	DCCEEW	In progress
43.	Carbon Capture technologies Program	DCCEEW	In progress
44.	Tasmanian Hydrogen Commitments	DCCEEW	In progress
45.	Development of Australia's Seaweed Farming	Lead: DAFF Supporting: DCCEEW	In progress
46.	Fuel Quality Standards and Euro6 Standards for Light vehicles	DCCEEW and DITRDCA	In progress
47.	Powering Australia — National Electric Vehicle Strategy (NEVS)	Lead: DCCEEW Supporting: DITRDCA and several other agencies	In progress
48.	Transboundary movement of carbon dioxide for sub-seabed sequestration	DCCEEW	In progress
49.	Buy Australian Plan Point 8 Climate Action and Energy Projects Implementation Plan	DCCEEW and Finance	In progress
50.	Climate Active — 2023 Program Direction consultation	DCCEEW	In progress
51.	Agriculture and land sectoral plan	DAFF and DCCEEW	In progress
52.	Maritime Emissions Reduction National Action Plan	DITRDCA	In progress
53.	Transport and Infrastructure Net Zero Roadmap and Action Plan	DITRDCA	In progress
54.	Jet Zero Council	DITRDCA	In progress
55.	Powering Australia — Commonwealth fleet target	Finance	In progress
56.	Resources Methane Abatement Fund	DISR	In progress
57.	Comprehensive modelling by Treasury of the risks and opportunities of climate change	Treasury	In progress

	Measure	Departments	Status
58.	Powering Australia — Real-world testing of vehicles	DITRDCA	In progress
59.	Powering Australia — Net Zero Australian Public Service	Lead: Finance Supporting: DCCEEW	In progress
60.	B20 Biodiesel Fuel Standard (20% biodiesel and 80% petroleum diesel blend)	DCCEEW	In progress
61.	Make a new Investment Mandate for the CEFC	DCCEEW	In progress
62.	National energy workforce planning	DCCEEW	In progress
63.	Community Clean Energy Projects on the Far South Coast, NSW	DCCEEW	In progress
64.	Regulatory Investment Test for Transmission	DCCEEW	In progress
65.	Extension of AER's Wholesale Market Monitoring powers	DCCEEW	In progress
66.	House of Representatives Inquiry into the Prerequisites for Nuclear Power in Australia	DCCEEW	In progress
67.	Future resilience for the Diesel Exhaust Fluid (DEF) market	DCCEEW	In progress
68.	Equal by 30 campaign Australian Government commitments	DCCEEW	In progress
69.	Energy Efficiency Grants for Small and Medium Sized Enterprises	DCCEEW	In progress
70.	Gas market reform agenda (note interaction between DCCEEW and DISR measures)	DCCEEW and DISR	In progress
71.	Retailer of Last Resort — Snowy Hydro Limited	Lead: DCCEEW Supporting: Finance	In progress
72.	Implement the Energy Price Relief Plan	Treasury, DISR, Services Australia and DCCEEW	In progress
73.	National Reconstruction Fund Corporation (NRFC)	Lead: DISR and Finance Supporting: PM&C, Treasury, DAFF, DITRDCA and other relevant portfolios aligning with the priority sectors	In progress
74.	Australian made batteries — Powering Australia Industry Growth Centre	DISR	In progress
75.	Australian made batteries — \$100 million battery precinct	DISR	In progress

	Measure	Departments	Status
76.	Australian made batteries — National Battery Strategy	DISR	In progress
77.	Framework for Industry and Regional Transition	DISR	In progress
78.	Powering Australia — New Energy Apprenticeships	Lead: DEWR Supporting: DCCEEW	In progress
79.	Powering Australia — New Energy Skills Program	Lead: DEWR Supporting: DCCEEW	In progress
80.	Regional Investment Framework	DITRDCA	In progress
81.	Foreign Investment and Involvement in the Electricity Sector	Treasury	In progress
82.	Restore public sector leadership by incorporating adequate information on climate risks and opportunities into Australian institutions.	DCCEEW	In progress
83.	Delivery of Australia's first quantitative National Climate Risk Assessment	DCCEEW	In progress
84.	Establishing a National Health Sustainability and Climate Unit to inform the National Health Response to climate change	Lead: Health Supporting: DCCEEW	In progress
85.	Incorporating climate change and energy in Budget statements and Intergenerational Report	Lead: Treasury Supporting: DCCEEW, Finance and DITRDCA	In progress
86.	Powering Australia — Greater transparency on climate risks and opportunities for large businesses, including standardised reporting	Lead: Treasury Supporting: DCCEEW and Finance	In progress
87.	Powering Australia — Build an Australian National Prevention and Resilience Framework	Lead: Home Affairs Supporting: DAFF, Defence, DCCEEW and other relevant portfolios	In progress
88.	First Nations Community Microgrids Program	DCCEEW	In progress
89.	First Nations Clean Energy Strategy	DCCEEW	In progress
90.	Powering Australia — Australia's 2030 Nationally Determined Contribution (NDC) target	DCCEEW	Delivered
91.	Amend ARENA Regulations	DCCEEW	Delivered
92.	Reduce sulfur in petrol — new fuel quality standard	DCCEEW, DITRDCA	Delivered

	Measure	Departments	Status
93.	Powering Australia — Restoring the role of the Climate Change Authority	DCCEEW	Delivered
94.	Powering Australia — Legislating the net zero target	DCCEEW	Delivered
95.	Issue an ARENA Statement of Expectations (letter to ARENA Board)	DCCEEW	Delivered
96.	Powering Australia — Annual statement to the Parliament on climate policy	DCCEEW	Delivered
97.	Powering Australia — Reinstate the position of Climate Change Ambassador	DFAT	Delivered
98.	Powering Australia — Independent Review of Australian Carbon Credit Units	DCCEEW	Delivered
99.	Minimum Stockholding Obligation (MSO) and National Fuel Reserve	DCCEEW	Delivered
100.	Powering Australia — Electric Car Discount	Lead: Treasury, ATO and ABF Supporting: DCCEEW	Delivered
101.	Removing the water rule affecting plantation forestry in the ERF	Lead: DCCEEW Supporting: DAFF	Delivered
102.	Australian Production and Certification of Sustainable Aviation Fuel Grant	Defence	Delivered
103.	Powering Australia — Development of an urgent climate risk assessment	Lead: ONI Supporting: National Security Agencies	Delivered

Source: Powering Australia Tracker dated 1 September 2023.

Appendix 4 Records management

1. The Department of Climate Change, Energy, the Environment and Water (DCCEEW) was formed by a machinery of government change on 1 July 2022.¹¹³ The new entity comprised functions and staff from the Department of Agriculture, Water and the Environment (DAWE) and the Department of Industry, Science, Energy and Resources (DISER).¹¹⁴ DCCEEW workplace arrangements and policies formally applied to staff from 15 September 2022.
2. As of September 2023, DCCEEW does not have its own record keeping policy. DCCEEW's departmental intranet page links to the Department of Agriculture's policy from 2014.
3. The 2014 policy defines records management as the process of 'managing records to meet operational business needs, accountability requirements and community expectations.' The 2014 policy defines a record as 'all information, in any format, created, sent and received in the course of carrying out the business of the department.' Under the 2014 policy, all records 'must be stored in systems that have approved record keeping functionality'.
4. DCCEEW's departmental intranet notes that important business records or 'high value' records should be kept on one of three digital record keeping systems or an approved business information system. The linked page to 'business information systems' states that 'some business information systems have been assessed and approved for use by the Information Management team for record keeping'.
5. The linked business information systems intranet page does not specify which business information systems have been approved for use for record keeping. The business information systems intranet page links to the Department of Agriculture and Water Resources' Business System Assessment Framework from 2018.
6. DCCEEW's digital record keeping systems are:
 - SPIRE — a SharePoint-based electronic document and records management system (EDRMS) used by the environment and heritage functions of DCCEEW, hosted on the Environment network¹¹⁵;
 - DocHub — a SharePoint-based EDRMS used primarily in business areas performing functions that transferred from the former DISER;
 - HPE Content Manager — also known as CM9, an EDRMS used to manage the physical file holdings of the department and electronic records of some business areas.
7. DCCEEW's departmental intranet notes that shared collaboration spaces such as MS Teams, SharePoint, network drives, and Microsoft Outlook folders are not record keeping systems

113 Commonwealth of Australia, *Administrative Arrangements Order*, 1 June 2022.

114 A small number of staff and functions were transferred to DCCEEW from the Department of Foreign Affairs and Trade (DFAT) and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA). No ICT functions or existing arrangements from DFAT or DITRDCA followed staff into DCCEEW.

115 The 'Environment network' is a legacy ICT function from the Department of the Environment and Energy (DoEE). The Environment network continued to be used when the DoEE merged with the Department of Agriculture to form DAWE in February 2020.

as they 'do not have the records management functionality needed to effectively manage records in accordance with the *Archives Act 1981*'.

8. DCCEEW uses two networks to host systems that store information, depending on the level of security classification:

- an Official network for material rated up to and including OFFICIAL: Sensitive; and
- a secure network known as the Protected Enclave for material that is marked at or above the PROTECTED security classification.

9. SPIRE¹¹⁶, DocHub, and HPE Content Manager are available for use on both the Official network and on the Protected Enclave.¹¹⁷ DCCEEW officers are required to keep records on these systems on either the Official network or Protected Enclave depending on the security classification.

10. The ANAO observed that papers for meetings of a governance board are held on the board secretariat's SharePoint on the Official network; DocHub on the Official network; and DocHub on the Protected Enclave. The ANAO also observed that DocHub has not been designated as an official record keeping system or an approved business information system in DCCEEW.

11. In August 2023, DCCEEW advised the ANAO that a process to review DCCEEW's information and records management practices, frameworks, policies and strategies commenced in January 2023. As of October 2023, DCCEEW is in the 'discovery phase' of a DCCEEW-wide change program for information management.

116 DCCEEW users are required to have a separate login to the Environment network to access SPIRE on the Protected Environment network.

117 DCCEEW also uses the Parliamentary Document Management System (PDMS) and CabNet on the Protected Enclave.

PDMS is provided by the Department of Finance. The Department of Finance describe PDMS as supporting 'Ministerial level correspondence, briefings and submissions; Parliamentary Questions on Notice; Senate Estimates Briefings and Questions on Notice; Executive level communications; and general communications and media'. See <https://www.finance.gov.au/government/whole-government-information-and-communications-technology-services/parliamentary-document-management-system-pdms>.

CabNet is provided by the Department of the Prime Minister and Cabinet. The Cabinet Handbook describes CabNet as 'the real-time, secure, whole of Australian government information and communications technology system used to support the Commonwealth's end to end Cabinet process.' See <https://www.pmc.gov.au/government/administration/cabinet-handbook-15th-edition/annex-roles-and-responsibilities>.