



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Annual Report

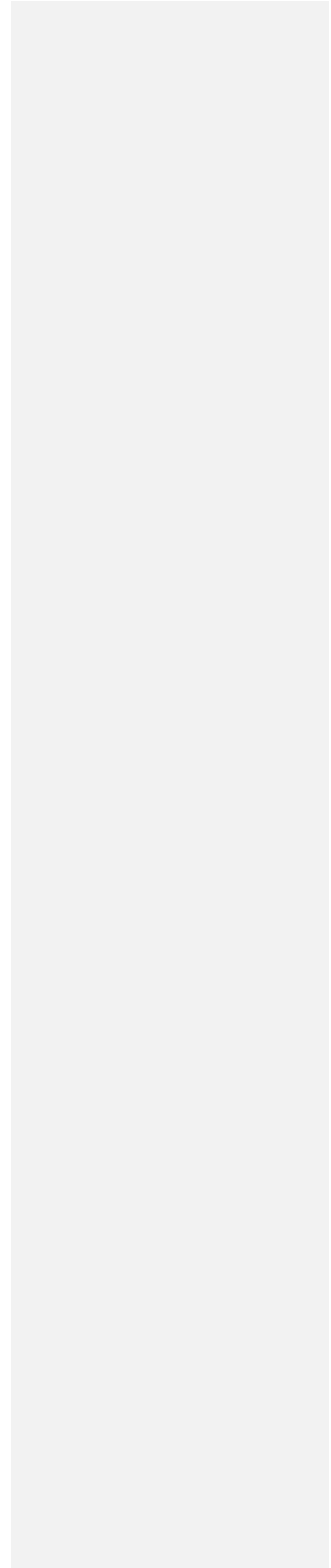
2022-2023

October 2023

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.



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Letter of Submission

Our reference: 23/369

30 October 2023

The Hon. Chris Minns MP
Premier of New South Wales
52 Martin Place
Sydney NSW 2000

Dear Premier

Independent Pricing and Regulatory Tribunal – Annual Report 2022-23

By the provisions under which the *Annual Report has been prepared (GSF Act Division 7.3)*, we are pleased to submit to you, for presentation to Parliament, the Independent Pricing and Regulatory Tribunal Annual Report for the year ending 30 June 2023.

Yours Sincerely



Carmel Donnelly PSM

Chair



Deborah Cope
Tribunal Member



Sandra Gamble
Tribunal Member

The Chair's Foreword

At IPART a lot of our work is regulating services that people can't do without, so consumers receive safe, reliable, quality services at a fair price. Over 2022-23, the Tribunal carefully considered the cost of living challenges for households and the need for regulated businesses to have enough funds to deliver, efficiently, the services people depend on and the quality consumers expect.



During last year, we were very mindful that just as our community adjusted to the COVID pandemic, rapid increases in inflation, rising interest rates, labour shortages, disrupted supply chains and energy price increases were adding to cost of living pressures.

For example, the Tribunal closely examined cost of living impacts and protecting affordability as much as possible as we considered council rate peg settings, water prices and progressed the Early Childhood Education and Care sector review.

IPART is committed to helping NSW tackle climate change and our regulatory approach considers the short, medium and long-term impacts on customers and communities. This includes the need for essential services to invest in reducing emissions, transitioning to renewable energy, adapting to climate change and enabling community resilience to manage through more frequent and intense natural disasters.

Throughout 2022-23 we continued to build IPART's climate change knowledge and capability and we are actively adapting our regulatory approach to ensure regulated sectors are taking appropriate steps to build resilience, sustainability, and consumer protection.

IPART helps NSW address climate change through the ongoing delivery of the Energy Security Schemes. In 2022-23 these schemes delivered tangible improvements to energy sustainability and network reliability through energy efficient upgrades and incentives.

This includes the Energy Savings Scheme with implementations to date expected to achieve around 19,000 MWh savings of electricity over the next 10 years. The Peak Demand Reduction Scheme also commenced operation in November 2022. This scheme has already successfully reduced demand for energy during peak periods and we expect this to expand over time. We are now working towards the rollout of a third scheme, the Renewable Fuel Scheme.

I am incredibly proud of the work IPART has done this year and am grateful for the people who make it possible. Thank you to my fellow Tribunal members Deborah Cope and Sandra Gamble and deputy Tribunal member Mike Smart. Thank you also to the expert and diligent team in the IPART Secretariat. They all demonstrate an overwhelming commitment to the public interest, with a focus on improving outcomes for the people of NSW.

I would like to acknowledge and thank Liz Livingstone who ably led the IPART Secretariat in the role of Chief Executive Officer from July 2019 to November 2022 before moving to NSW Treasury and Ben Strate and Michelle Coco who each acted as CEO pending the appointment of IPART's new CEO. I also thank Andrew Nicholls PSM, our current IPART CEO for his leadership of the Secretariat since commencing in January.



Carmel Donnelly

Chair

The Chief Executive Officer's Report

I was delighted to join the IPART team as Chief Executive Officer in January 2023. I would particularly like to acknowledge my predecessor, Liz Livingstone, for the tremendous legacy she has left the organisation. It is a privilege to work with so many intelligent and dedicated people as we support the work of the Tribunal and, in turn, help make NSW a better place to live and work.



We continue to make great progress against the IPART 2023 Strategic Plan, including:

- Increasing leadership capability to inspire and empower staff, supported by the implementation of pulse surveys to monitor staff wellbeing, identify, and address issues early.
- Implementing the Communications and Engagement Strategy, including trialling new approaches to engage with a broader range of stakeholders.
- Enhancing our climate change credentials through ongoing development of our climate change impacts framework, as well as supporting staff to obtain climate change qualifications.
- Developing and implementing new regulation technology such as the implementation of TESSA (The Energy Security Safeguard Application). This has streamlined scheme interaction processes and improved visibility of outcomes for all parties of the schemes.
- Continued to incorporate requirements and incentives for regulated entities to innovate and respond to their customers' needs and preferences.
- Transition to a new outsourced IT provider.

A key challenge for us this year has been managing an increase in IPART's functions alongside ongoing, high workloads. While it is great that IPART continues to be recognised as a highly capable expert in our field, it also puts a greater onus on the leadership of the organisation to find ways to support staff and prioritise workloads. This will be an ongoing focus in the forthcoming year.

For much of the reporting year, IPART formed part of the Customer Service portfolio, but, in May, following the State election in March 2023, IPART was allocated to the Premier's portfolio. While IPART is an independent agency, nonetheless, ensuring a smooth transition between Governments and portfolios was a major focus during the second half of the year.

As we enter a new reporting year, a major focus will be on a new Strategic Plan which will set IPART up for continuing success in the years ahead, as we seek to serve the people of NSW through effective regulation, advice and oversight.

A handwritten signature in black ink, appearing to read 'Andrew Nicholls'. The signature is fluid and cursive, written in a professional style.

Andrew Nicholls

Chief Executive Office

Chapter 1 >>

Overview

01





About IPART

The Independent Pricing and Regulatory Tribunal (IPART) was established in 1992. Since then we have provided impartial, independent advice, regulatory decisions and oversight. We aim to improve productivity, efficiency, effectiveness, safety and equity for the people of New South Wales. We focus especially on essential markets and services.

Our purpose is to make the people of NSW better off through independent decisions and advice.

Our values

The values we have adopted set out the behaviours we expect of each other as we work to serve the people of NSW.

 <p>Integrity & Courage</p>	 <p>Respect & Inclusion</p>	 <p>Curiosity & Openness</p>	 <p>Making a difference</p>
We treat people fairly	We are courteous and considerate	We seek out and develop new ideas that will improve our work	We pursue better outcomes for the people of NSW
We are willing to make the difficult decisions	We encourage and recognise everyone's contributions	We listen to understand and to gain new perspectives	We consider the context and impact of our actions and decisions
We act and make decisions transparently	We bring together diverse experiences and skills to generate better solutions	We invite challenge to our thinking	We apply skill, diligence and creativity to our work
We own our mistakes and learn from them	We approach people with empathy	We support each other to learn and develop	We empower people by sharing our knowledge and experience

Our stakeholders

Our major stakeholders are:

- **The people of NSW and their advocates as consumers, taxpayers, rate payers, residents and voters** – our work directly affects citizens' in terms of cost of living, quality of and access to services, sustainability and environmental outcomes, as well as value received from investments. They may represent a range of perspectives including as individuals, families, volunteers or operators of businesses or non-profit organisations .
- **The businesses and industries we regulate and their advocates** – our work affects the financial viability and operating environment of the businesses and industries we regulate and their capacity to offer quality services to consumers over the long term. It also provides them with incentives to support the interests of the people of NSW.
- **The NSW Government** – our work affects the ability of publicly owned utilities to pay dividends to the Government, and the revenue it receives from public transport fares. Our advice on economic and policy issues influences the productivity, effectiveness and efficiency of Government agencies and State-Owned Corporations and supports the delivery of priority outcomes such as sustainability.

What we do

We deliver functions under the IPART Act and under several other Acts. Chapter 3 outlines our operations during 2022-23. These include:

- licensing, price setting and monitoring of key markets
- market sector reviews and investigations
- policy reviews and program development
- economic analysis including cost, demand and price modelling, and baseline funding analysis
- regulatory framework design
- specially commissioned reviews and advice requested by NSW Government
- sector, program and policy monitoring and analysis
- regulatory supervision and compliance.

Our operations are delivered in line with our management and accountability arrangements (see chapter 4).

Our organisation

IPART is an NSW government agency. Our legislation (the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)*) requires that we operate largely independently of the government.

In May 2023, IPART was moved from the portfolio of the Minister for Customer Service to the Premier's portfolio.

The Tribunal

The Tribunal is our statutory decision-making body comprising three permanent members: a Chair and two Tribunal Members. The members are appointed by the portfolio minister in accordance with the IPART Act. The Tribunal met 48 times in 2022-23. The Tribunal delegates some of its functions to committees and to the Secretariat to support timely and effective operations.

Tribunal members



Carmel Donnelly PSM – Chair
BA(Hons), MBA(Exec), MPH, GAICD

Carmel is an experienced chief executive, board member and regulator with over 35 years of public sector experience. She was the Chief Executive of the State Insurance Regulatory Authority (SIRA) and has also held executive roles in emergency services and financial and safety regulation. Carmel's career has been focused on improving financial, economic, health and social outcomes for both individuals and the broader NSW community.

In January 2022, Carmel was awarded the Public Service Medal for outstanding public service to regulatory reforms in NSW.

Carmel commenced as Chair of the Tribunal on 1 July 2021 and has been appointed for a term of 5 years to 30 June 2026. Carmel is also the head of IPART as a government agency.



Deborah Cope – Tribunal Member
B Econ(Hons)

Deborah brings to the Tribunal more than 35 years' experience in Australian public policy and management. She was a Commissioner with the Victorian Competition and Efficiency Commission until 2015 and has operated a consulting business for 20 years.

Deborah was initially appointed to the Tribunal for a term of 6 months. This was extended for a term of four and a half years to 2 February 2022 and was then extended for a further term of 3 years to 2 February 2025. Deborah has now resigned from this role, effective October 2023.



Sandra Gamble – Tribunal Member
BE(Elec) Hons, MBA, FAICD

With a background in engineering, business, regulation, and government, Sandra brings to IPART two decades experience as a chair, non-executive director and committee member across the public, private and non-profit sectors. She worked in utilities, energy and major market reform. Sandra was appointed for a term of 5 years to 8 December 2024.



Mike Smart – Deputy
BA Magna Cum Laude in Astrophysics from Harvard

Mike has been the Chief Economist at IPART since May 2015 and was appointed a Deputy Tribunal member in February 2020. Prior to these IPART roles, he was a consulting economist in private practice for 15 years.

The Secretariat

A Secretariat are employed by the Chair to assist the Tribunal and its delegated committees. The Secretariat provides research, policy development and analysis, legal and policy advice, licencing and audits, and investigations to directly support the Tribunal's work, as well as corporate services more generally. The Secretariat makes recommendations to the Tribunal, as well as coordinating stakeholder engagement, communications and public processes on their behalf.

The Secretariat is led by the Chief Executive Officer (CEO), Andrew Nicholls PSM, who reports to the Chair. The Chair delegates her authority to the CEO for IPART's operational management.



Andrew Nicholls PSM – Chief Executive Officer
BA(Hons), MMgt, EMPA

Andrew is a highly experienced executive leader within the NSW public sector, with substantial expertise in regulation, public policy, legislative and operational reform, organisational strategy and customer service. He has worked across a diverse range of NSW portfolios including transport, better regulation, finance, environment, natural resources, and land management. In 2018, Andrew was awarded the Public Service Medal for his contributions to transport and insurance in NSW.

Andrew commenced as IPART CEO on 30 January 2023, prior to this, the role was undertaken by Liz Livingstone to November 2022, with Michelle Coco and Ben Strate acting in the role prior to Andrew's start date.

Chapter 2 >>

Strategy

02

IPART Strategic Plan 2023

The IPART Strategic Plan 2023 was established in 2020 and sets out IPART's aspirations to 2023. IPART has made significant progress towards each aspiration over the last 3 years.

Our aspirations

We have four aspirations that define the areas we most want to make improvements by the end of 2023. Our aspirations are:



Our people

We trust, inspire and support each other to perform at our best



Engagement

A broader range of stakeholders has meaningful input in our processes



Climate Change

Our decisions help NSW to tackle climate change



Consumers

Our decisions empower and protect consumers

Delivery against the aspirations and strategic priorities is tracked through monthly priority reporting and quarterly performance reports. Remediation actions are put in place where required to ensure delivery of these priorities remains on track.

Resources are allocated to support the delivery of the priorities through the establishment of strategic priority teams. Each team has a lead and sponsor driving delivery with supporting teams to progress required tasks. Additional investment to support priority delivery is discussed and allocated through the Executive Leadership Team.

Key achievements

We have made significant progress against the IPART Strategic Plan 2023 since it commenced. As at June 2023, nearly all our priority actions have been implemented, with only a few continuing to be progressed over the next year. Our key achievements in 2022-23 are outlined below.

Our people

IPART aims to foster an environment where staff trust, inspire and support each other to perform at their best. IPART launched its Strategic Workforce Plan in January 2022. This plan focuses on building and supporting the workforce that will continue IPART's success.

The Strategic Workforce Plan includes 31 actions aligned to focus areas across leadership, resilience, human centred design, multi-disciplinary skills, innovation and enabling factors. As at 30 June 2023, 17 actions were complete, 6 are ongoing and the remaining 8 are scheduled for completion in 2023-24.

2022-23 highlights include:

- annual IPART values awards and ongoing embedding of IPART's values in our business-as-usual
- implementation of the IPART Capability Development Framework
- delivery of leadership training programs for managers and executive including participation in the Elevate and Leadership Academy programs and hosting of Inclusive Leadership training
- implementation of the Organisational Performance Management Framework to improve integration of business planning, budget process and performance management.

Engagement

We continue to focus on enhancing the quality of our work through meaningful engagement with our stakeholders and considering a broad range of perspectives as we deliver impartial, transparent, and balanced decisions.

We developed an overarching Communications and Engagement Strategy mostly informed by stakeholders through the 2022 stakeholder survey and complements the Safeguard Stakeholder Engagement Strategy. Our commitment is to improve interactions by communicating more effectively and engaging widely to help understand the diverse views of our stakeholders, help inform our decisions and build trust and confidence across all our functions. We are also committed to increasing public awareness of our work through a multi-channel communications approach.

Our approach has targeted progress in:

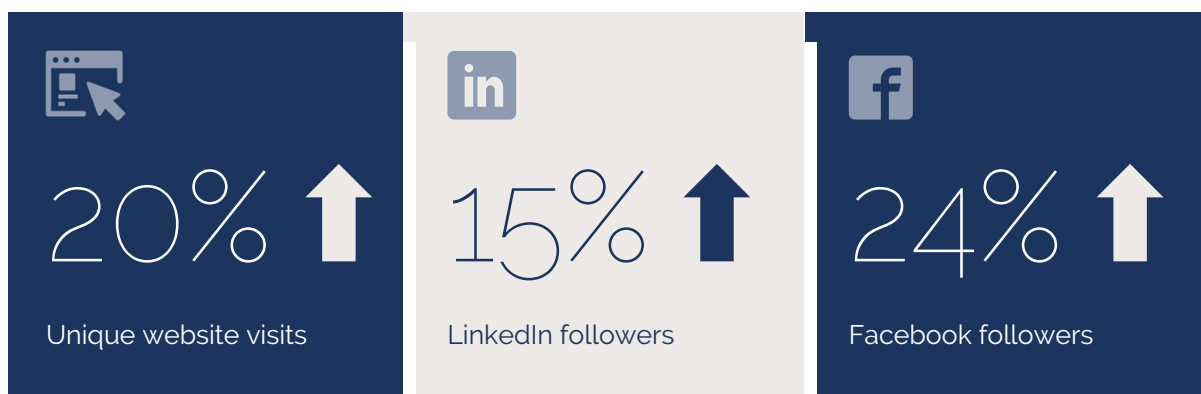
- communicating and interacting with a broad range of stakeholders who are impacted by or interested in our work
- ensuring our information is accessible, in plain English and easy to understand
- being clear and open about how, why, when and who we consult with and being open and transparent in our decisions
- being responsive and flexible in our engagement
- ensuring that we listen and learn from feedback to provide a purposeful participatory experience.

2022-23 highlights include:

- trialling new engagement methods to support the Early Childhood Education and Care (ECEC) market review
- establishing a forward calendar and historical list of meetings between the Tribunal and key stakeholders on the IPART website
- establishing an Aboriginal Engagement Advisor role to support proactive engagement with Aboriginal people, communities, and organisations.



In addition to this direct engagement, engagement across all digital communications channels continues to increase compared to the previous year. Unique visits to the IPART and Energy Sustainability Schemes websites have increased by an average of 20% collectively compared to the previous year. All social media channels are continuing to grow, with increased reach when targeting audience and using short video content.



Climate change

Consistent with our statutory obligations, we are committed to ensuring our decisions help NSW adapt to climate change and mitigate future impacts. IPART published its statement and framework for tackling climate change in October 2021.

This statement recognises that climate change is one of the most significant issues that will impact the lives of people in NSW now and in the future and has far reaching impacts in the sectors we regulate. IPART is committed to considering climate change risks when undertaking our regulatory functions or reviews.

2022-23 highlights include:

- building climate change considerations into our processes such as through project scoping
- building staff capability by supporting staff members to complete the 'Climate Risk Ready' qualification
- establishing an internal professional development program of expert speakers on climate change to build knowledge within IPART
- ongoing development of the climate change guidelines to support regulated sectors to adapt and understand how IPART will encourage solutions to mitigate or adapt to climate change.

Consumers

IPART can make decisions that empower consumers. Our role is to support the public interest through listening to the people of NSW and incorporating what we learn into our decisions, advice and how we regulate.

To deliver on this priority IPART has focused on:

- expanding our engagement with the people of NSW so that we better understand them
- incorporating requirements and incentives for regulated entities to innovate and respond to their customers' needs and preferences.

2022-23 highlights include:

- Divisional teams trialled layered engagement approaches to simplify and broaden citizen input to IPART's reviews. For example, for the Local Government rate peg methodology review, multiple approaches were undertaken resulting in 3,400 survey responses from a representative population sample, supplemented by 5 focus groups, 11 workshops and 96 submissions.
- After a thorough and consultative review, IPART launched a new water regulatory framework in November 2022 which drives water businesses to deliver better long-term outcomes to their customers and address key challenges through the 3C's approach (customer value, cost efficiency and credibility).

Our future strategy

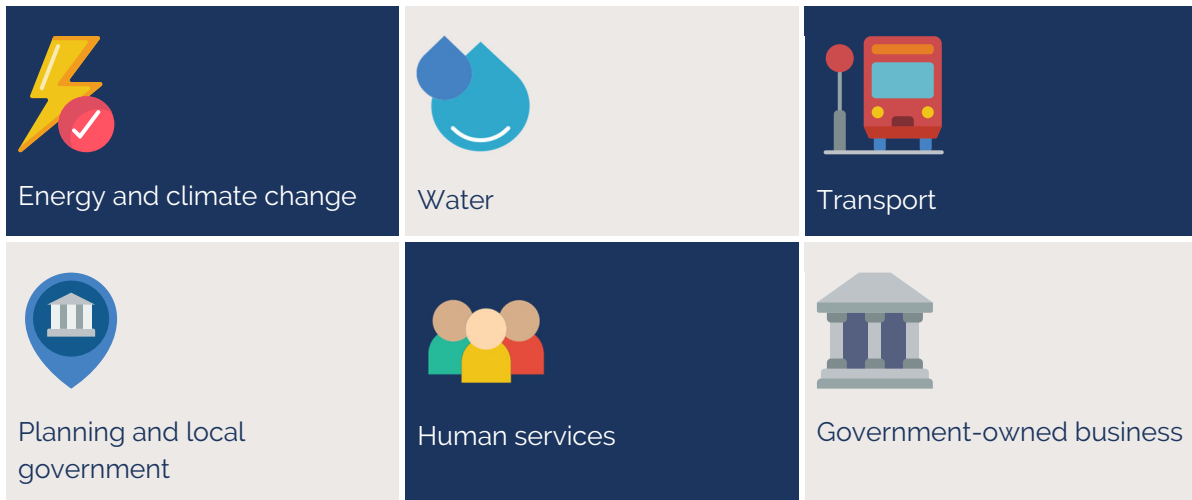
The IPART 2023 Strategic Plan will end at the end of 2023. The next IPART Strategy is currently under development. The new strategy will enable us to build on the success of the current Strategic Plan to continue to evolve, foresee and be ready for the opportunities and challenges of our times.

Chapter 3 »

Operations and Performance

03

IPART provides independent regulation, reviews, oversight and price determinations across several industries in NSW. This statutory and commissioned work covers many essential sectors that impact the people of NSW. These are:



When conducting our work across all sectors we aim to help:

- protect consumers from unreasonable price increases and poor service
- ensure service providers remain both efficient and financially viable
- encourage competition
- protect the environment and considering the broader community impacts of our decisions.

IPART delivered substantial and comprehensive work across all divisions, sectors and functions in 2022-23. This chapter summarises IPART's key obligations, deliverables and achievements across each sector and function. Legislative arrangements for statutory functions are outlined in Appendix A.

Further detail on each of these functions can be found on IPART's website (www.ipart.nsw.gov.au) and the Energy Sustainability Scheme website (www.energysustainabilityschemes.nsw.gov.au).

Energy and climate change

Over recent decades, the energy sector has undergone substantial structural and regulatory reforms and continues to evolve as it transitions to net zero. We have seen the monopoly components of the supply chain (networks) separated from the contestable components (generators and retailers). Energy generation is shifting away from large fossil fuel generators to more renewable and distributed generation. Within this context, IPART has the following regulatory roles for the energy sector in NSW:

- regulate the safety of NSW electricity network assets
- recommend and administer the licensing regimes for energy network operators in NSW (both for electricity and gas network operators)
- monitor the retail energy markets in NSW and set benchmarks for solar feed-in tariffs
- assess, monitor and audit aspects of the delivery of the NSW Electricity Infrastructure Roadmap
- administer and regulate energy security safeguard and peak demand reduction schemes, and
- conduct specific reviews when requested by the NSW government.

Energy Network Regulation

IPART holds all electricity network operators in NSW accountable for safety and licensing obligations. We also make recommendations to the Minister in relation to licences. We operate within the relevant provisions of the *Electricity Supply Act 1995* (**ES Act**) and under the *Electricity Supply (Safety and Network Management) Regulation 2014* (**ES Regulation**). We also administer the licences and authorisations, and monitor compliance, of gas reticulators and distributors in NSW.

During 2022–23, IPART monitored the compliance of electricity network operators in NSW with their licences and relevant legislative requirements. We will provide our annual compliance report on licence compliance to the Minister for Energy by 31 October 2023.

Key achievements included:

- monitored performance with the relevant legislative provisions for NSW electricity network operators for the safe operation of their electricity networks, including ACT, Queensland, and Victorian interstate operators with assets in NSW
- directed audits of Ausgrid, Endeavour Energy and Essential Energy's bush fire risk management
- continued to monitor safety, reliability and third-party property incidents that occurred on the networks of Transgrid, Ausgrid, Endeavour Energy, Essential Energy, and reviewed the preventative and mitigative actions the network operators undertook in response to these incidents
- monitored compliance of the 4 licensed electricity network operators in NSW (Transgrid, Ausgrid, Endeavour Energy, and Essential Energy) by overseeing audits required under their operating licences, including:
 - the critical infrastructure licence conditions applicable to Transgrid, Ausgrid, Endeavour Energy and Essential Energy
 - the reliability and performance licence conditions applicable to Ausgrid, Endeavour Energy and Essential Energy.
- made recommendations and administered the electricity network licencing regime
- monitored compliance with the NSW code of practice for environmental impact assessments
- monitored compliance of Ausgrid, Endeavour Energy and Essential Energy against the NSW Public Lighting Code
- updated guidance and other information to regulated entities and other stakeholders, including updating 5 reporting manuals (out of 9) and 2 audit guidelines (out of 6)
- administered 10 licences/authorisations for gas distributors/reticulators.

IPART conducted a review of the 4 licensed electricity network operators in NSW to assess whether the licence conditions remain appropriate, reflect current public expectations and regulatory practice. We provided our final report outlining our recommendations to the Minister in September 2022.

The operating environment for energy networks is changing, in particular due to climate change. In response, in October 2022 we published a 3-year Strategic Plan for our role in regulating energy networks in NSW. This will allow IPART to better adapt to meet these challenges and ensure we are meeting the expectations of our stakeholders, including the people of NSW.

In conjunction with the Strategic Plan, we also published a rolling 3-year view of our compliance priorities. These were subsequently updated in May 2023 and will be updated annually in the future.

NSW Electricity Infrastructure Roadmap

IPART was appointed as Regulator under section 64(1) of the *Electricity Infrastructure Investment Act 2020 (EII Act)* on 17 December 2021.^a In its role as Regulator, IPART has 3 key functions under the EII Act:

- assessing whether the Renewable Energy Sector Board Plan:
 - protects the financial interests of NSW electricity customers, and
 - is consistent with Australia's international trade obligations.
- preparing annual reports on the exercise of functions under the EII Act by the Consumer Trustee, Financial Trustee, Infrastructure Planner and Regulator
- auditing the performance of the Consumer Trustee, Financial Trustee, Scheme Financial Vehicle, and Infrastructure Planner.

The first review of the Board Plan was completed in July 2022. IPART conducted independent analysis to determine the above requirements were met and recommended the plan to the Minister for approval. The 2021–22 annual report was delivered to the Minister and published on IPART's website on 31 October 2022. It reflected the early stages of the Roadmap, which was at that time still in preliminary design and establishment phase. It did not include the Financial Trustee as it was yet to be appointed or the Scheme Financial Vehicle, which had not been established at that time.

During 2022–23 IPART's performance auditing function was the subject of discussions between IPART and the Office of Energy and Climate Change who led the work on preparing a regulation setting out matters relevant to the exercise of that function.

Retail energy market monitoring

IPART has been tasked with monitoring the performance and competitiveness of the energy retail market for small customers and reporting annually to the Minister for Energy.

The monitoring report for the 2021-22 financial year was released in December 2022. The report noted, for the first time since prices were deregulated, there are fewer retailers in the market than the previous year. Other changes noted were a reduction in offers in the market and higher electricity and gas prices.

Solar feed-in tariff benchmarks

IPART's solar feed-in tariff benchmark helps consumers compare retail offers to improve the financial returns on their panels. This is an annual guide to help customers understand how much they could expect to receive from retailers for their solar exports.

In April 2023 IPART released the updated solar feed-in tariff benchmarks for 2023-24. This report noted an estimated value of solar exports of between 7.7 to 9.4 c/kWh in 2023-24.

^a Instrument of appointment, 17 December 2021.

Embedded networks pricing

Embedded networks are private energy networks for services such as electricity, hot water and gas. In June 2023, IPART received final terms of reference to review and make recommendations on the future of embedded networks in NSW. The final report is due to the Minister in March 2024.

Energy Security Safeguard Schemes

The Energy Security Safeguard (**Safeguard**) aims to improve the affordability, reliability and sustainability of energy in NSW through financial incentives. During 2022-23, 2 schemes were operational:

- Energy Savings Scheme (**ESS**) – established in 2009
- Peak Demand Reduction Scheme (**PDRS**) - commenced on 1 November 2022.

A third scheme, the Renewable Fuel Scheme (**RFS**) is expected to commence in 2024.

The Office of Energy and Climate Change (OECC) leads the policy and design of these schemes. IPART is the Scheme Administrator and Scheme Regulator for all three schemes. This includes managing accreditation, certificate registration and compliance.

IPART uses its experience as scheme administrator and regulator to provide input to the policy maker to shape scheme design and evolution. IPART's focus is on achieving scheme design which maximises business and consumer participation and scheme integrity. This includes assisting with the identification of ways to help households and business take advantage of the incentives offered by the schemes.

IPART was formally appointed as the Scheme Administrator and Scheme Regulator of the 3 Safeguard schemes on 23 February 2023 (previously IPART operated the schemes as the default Scheme Administrator and Scheme Regulator under the *Electricity Supply Act 1995 (ES Act)*).

Energy Savings Scheme and Peak Demand Reduction Scheme

IPART delivered the ESS throughout 2022-23. Performance data relating to the 2022 calendar year compliance report is outlined overleaf.

OECC is responsible for ESS policy and updates the ESS Rule annually or as required. IPART worked with OECC and industry to implement the latest Rule change which commenced on 14 April 2023. It added new eligible fuels and made other changes to simplify and clarify the Rule.

The PDRS commenced on 1 November 2022. IPART worked with OECC to shape the PDRS in the lead up to its commencement. Early performance data indicates strong take up of it in its first 7 months of operation.

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Accredited Certificate providers

3,267,171

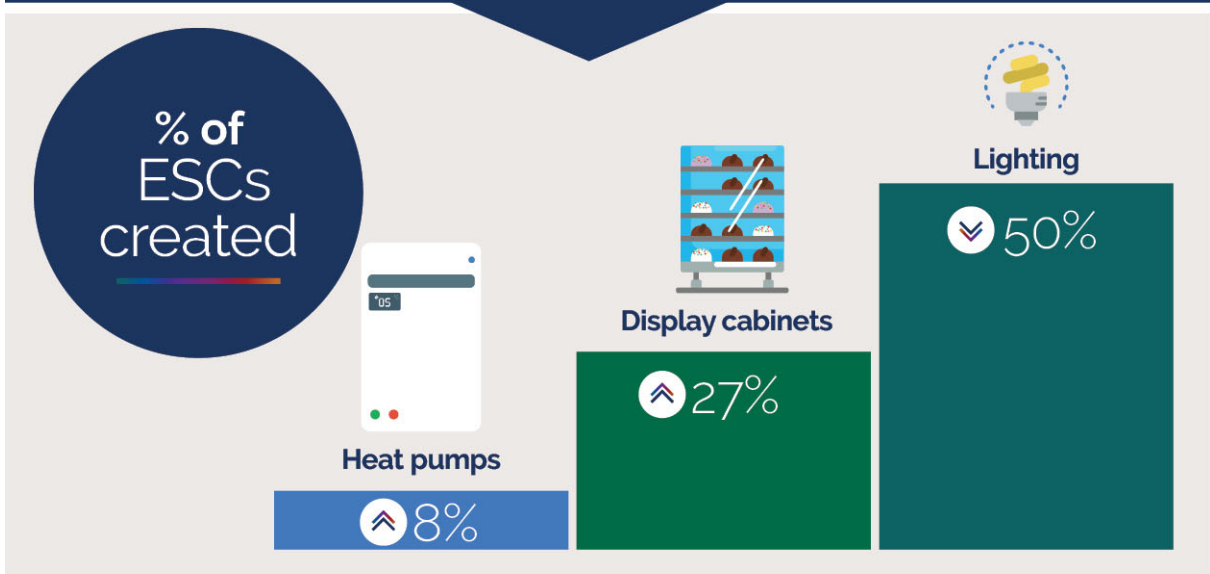
Peak Reduction Certificates created to 30 June 2023

2MW

Reduced peak demand

2022 energy savings target
9% around **4.9 million** energy savings certificates (ESCs)

In 2022 **6,636,175** ESCs were created



	MWh savings of electricity	MWh savings of gas
Energy saved in 2022 from all implementations to date	4,015,673	217,119
Forecast savings over the next 10 years from 2022 implementations	6,169,718	228,238
Forecast savings over the next 10 years from all implementations to date	18,927,755	927,553

Renewable Fuel Scheme

The Renewable Fuel Scheme (**RFS**) legislation was enacted in December 2021 and is planned to commence in 2024.

Through 2022–23, IPART has worked with the Office of Energy and Climate Change to assist development of supporting legislation including the rules that will include the details of the new scheme. IPART has also been preparing to implement the RFS by reviewing relevant systems and processes and identifying the changes needed to support commencement.

Additional Safeguard achievements

2022-23 saw a significant uplift in IPART's delivery of the Safeguard schemes. Key achievements include:

- the implementation of a new, integrated IT system – The Energy Security Safeguard Application (**TESSA**). TESSA replaced multiple existing systems and manual processes
- implementation of rule changes to improve operation of the schemes
- enhanced stakeholder engagement including workshops, Accredited Certificate Provider and new Scheme Participant communications and support
- identifying improper manipulation of evidence through our complaints handling process, audits, site inspections and investigations
- providing timely proactive compliance messaging to maintain scheme integrity and promote customer outcomes.

Water

In most parts of NSW customers have no choice about who supplies their water. To protect consumers, water providers are regulated and must meet certain conditions. IPART is tasked with assessing and making recommendations to the Minister on public water utility licences and licences for private water utilities licensed under the *Water Industry Competition Act 2006*. We audit compliance with licence obligations to ensure that water quality, system continuity and reliability, environmental performance, and customer service performance meet certain standards.

Local water utilities operating in regional NSW are the responsibility of local government councils and the Department of Planning and Environment.

We also determine the maximum prices that public water utilities, some smaller water utilities, and the Sydney Desalination Plant can charge, ensuring that consumer prices charged are fair.

New water regulatory pricing framework

In 2022-23 IPART reviewed how prices are set for the monopoly businesses it regulates: Sydney Water, Hunter Water, Central Coast Council, Essential Water, WaterNSW, the Sydney Desalination Plant (SDP) and the Water Administration Ministerial Corporation (WAMC). As a result, a revised water regulatory framework has been adopted (final report released November 2022).

The revised approach adopts a '3Cs' framework to ensure that IPART's regulatory approach effectively considers customers, costs, and credibility. Key features of the framework include:

- broadening the focus of IPART pricing reviews so that water businesses promote customer value, cost efficiency and credibility over the short, medium, and long-term
- tailoring IPART's regulatory assessments based on how well each business consults with its customers and delivers services
- rewarding businesses for delivering customer value, while keeping them accountable for meeting their commitments to customers.

In April 2023, IPART published a current water regulatory handbook to guide water businesses in preparing their pricing proposals under the 3Cs framework.

Water pricing activities

IPART independently sets prices for water services to reflect the efficient cost of providing services and ensure fair prices for customers. To determine prices, IPART aims to minimise customer bill impacts while still providing utilities with enough funding to maintain secure, good quality services.

IPART reviews and sets maximum prices for public water utilities such as Sydney Water Corporation (Sydney Water), Hunter Water Corporation (Hunter Water) and WaterNSW, and for the private water utility the Sydney Desalination Plant (SDP).

During 2022-23 IPART undertook a range of regulatory activities across regulated water utilities. These included:

- setting maximum prices Sydney Desalination Plant Pty Ltd can charge for water supply and security services from 1 July 2023
- completing our review of prices that Essential Water can charge for water and wastewater services in Broken Hill and the surrounding areas of Menindee, Sunset Strip and Silverton from 1 January 2023 to 30 June 2026
- releasing the Final Report for the prices WaterNSW can charge for water transportation services provided by the Murray River to Broken Hill Pipeline from 1 January 2023 to 30 June 2026
- completing our annual review of rural bulk water charges for 2023-24 to apply to NSW's 9 valleys in the Murray-Darling Basin and the Fish River Water Supply Scheme.

Water utility licencing and compliance

IPART is responsible for undertaking regulatory functions related to the operating licences for Hunter Water Corporation (**Hunter Water**), Sydney Water Corporation (**Sydney Water**) and WaterNSW. IPART also undertakes functions under the *Water Industry Competition Act 2006 (WIC Act)* to make recommendations to the Minister for Water^b on whether to grant or refuse licences and to administer those licences.

Activities in 2022-23 included:

- auditing the compliance of Sydney Water, Hunter Water and WaterNSW against their operating licences
- commencing reviews of the statutory operating licences held by Sydney Water and WaterNSW
- releasing a new Audit Guideline to provide updated guidance and direction to public water utilities and their auditors when undertaking compliance audits
- releasing the re-designed and simplified WIC Act application form and guidance documents to improve workflow and prepare for the introduction of the updated WIC Act
- continued working with the Department of Planning and Environment on the new WIC Regulation, which is expected to be gazetted by the end of 2023. The updated WIC Act received the Governor's assent on 1 November 2021 and will commence at the same time as the new WIC Regulation is gazetted
- drafted and consulted on the forms, guides and processes necessary to transition to the updated WIC Act and new WIC Regulation

^b Minister responsible for WIC Act changed from Minister for Lands and Water to Minister for Water after March 2023 state election.

- continued to improve and upgrade our database for collating, managing and reporting licensing and compliance data (WILMA – Water Industry Licence Management Application)
- monitored the compliance of 19 network operator licensees and 11 retail supplier licensees under the WIC Act, including the completion of 11 operational audits
- completed assessment of and recommended the Minister to grant approval for 4 WIC Act licences (2 new licences and 2 varied licences).
- Use of recycled water in NSW continued to grow steadily over the reporting period despite a drop in recycled water volumes reported by WIC licensees, as a result of 2 schemes (Green Square and Bingara Gorge) being transferred to Sydney Water's operations. These customer numbers and recycled water volumes will be captured in Sydney Water's annual reports. Consequently, the number of licensees and therefore total number of customers under WIC Act licences has decreased by 14%. As a result, there was a 2% decrease in the volume of recycled water produced by WIC licensees.
- There was an extraordinary increase of 155% in total water produced but this is attributed to the Sydney Desalination Plant operating at full capacity to produce drinking water for the entire period.

Through these activities IPART noted the following trends in the provision of services by private water utilities:

- Overall compliance continued to improve, with fewer non-compliances being found during audits.
- Licensees' self-reported incidents and non-compliances have also decreased with licensees being more vigilant in meeting reporting requirements.
- IPART received an increased number of licence variation applications in the last few months of 2022–23. The commencement of the amendments to the WIC Act in late 2022 is likely to have triggered the increase. The transition of current licences into the new licensing framework during the 12-month transitional period is likely to delay the assessment of any licence variation. Licensees are therefore hoping to vary any existing licences prior to transition.

Transport

NSW Transport system includes public and private modes covering mass transit, individual transportation, and commercial freight. For most modes, there is limited consumer choice in provider and there are limitations on supply (e.g. availability of rail and ports).

IPART's role in pricing and regulation of the transport sector aims to ensure that citizens have reasonable access to transport and related infrastructure and pay a fair price. Specific responsibilities include:

- setting maximum fares for public transport Opal fares (including buses, trains, light rail and some ferry services)
- setting maximum fares for rural and regional bus services
- setting maximum fares for 7 private ferry operators that provide ferry services under contract with Transport for NSW
- setting maximum taxi fares and licence numbers (note the Point to Point Transport Act has been amended to deregulate the supply of taxi licences over time, under these amendments IPART will maintain an indicative fare schedule)
- reviewing and monitoring compliance against rail infrastructure access regime
- setting a reference price for wholesale ethanol used in making E10 fuel and monitoring the retail market for E10
- advising on suitable Port of Newcastle lease compensation arrangements
- annual update to the net rates of return that are used by the Department of Planning and Environment (DPE) and Roads and Maritime Services to calculate their rents for domestic waterfront tenancies.

Rail access

In 2022-23 IPART completed the review of the NSW Rail Access Undertaking which assessed the operation of the current NSW rail access framework. The final report was submitted to Government in May 2023 and included 33 recommendations to address issues such as transparency, enforcement and compliance mechanisms and ability to deliver and be held accountable.

IPART also completed compliance assessments against the current Rail Access Undertaking framework. We:

- assessed Transport Asset Holding Entity (TAHE) compliance with the NSW Rail Access Regime for TAHE's Hunter Valley Coal Network during the 2021-22 financial year
- assessed ARTC compliance with the NSW Rail Access Undertaking for its non-Hunter Valley Coal Network sectors for 2021-22.

Port of Newcastle compensation

On 2 March 2023 IPART was appointed under the *Port of Newcastle (Extinguishment of Liability) Act 2022* (the Act) to determine the value of a one-off compensation payment that can be made by the operator of the Port of Newcastle to the State. IPART are required to complete the determination by 2 March 2024 or by 2 June 2024, if a draft determination is issued.

Fuel Ethanol

Under the NSW [Biofuels Act 2007](#) (Biofuels Act), fuel sellers must ensure that ethanol accounts for at least 6% of the total volume of petrol sold in a quarter (ethanol mandate). This means that 60% of fuel sales are required to be E10 (which is made up of 10% ethanol, and 90% unleaded fuel).

IPART has two ongoing roles under the Biofuels Act, which are:

- to determine, and periodically review, a 'reasonable wholesale price' for ethanol for use in the production of petrol-ethanol blends such as E10
- to [monitor the retail market](#) (including prices) for petrol-ethanol blend and make reports to the Minister for Fair Trading (the Minister) on the effect of a determination of the reasonable price for wholesale ethanol.

We decided to publish quarterly wholesale price determinations in the short to medium term due to the increased volatility in mill gate prices. This allows us to monitor changes in cost components and reflect recent market conditions in the determined price.

Other transport reviews

During 2022-23 IPART also completed other reviews and related work in the transport sector. These include:

- completed a survey of point-to-point transport use and published a report on the survey results
- we considered Transport for NSW's notification of increases in Opal fares from October 2023 and found that they do not exceed the appropriate maximum fares set in our determination
- completed our 2023 annual update to the net rates of return that are used by the Department of Planning and Environment (DPE) and Roads and Maritime Services to calculate their rents for domestic waterfront tenancies
- determined the wholesale price of ethanol.

Planning and local government

State and local planning legislation and policies set the rules that control what development can and will occur on NSW land. They also shape municipal services, infrastructure, housing, land use and environment.

IPART plays a role in determining income from rates and certain charges to enable Local Governments to provide their communities with services and infrastructure. IPART also undertakes other work in advising on aspects of the planning system such as developer contributions, property transaction arrangements and environmental management.

This includes:

- setting the annual rate peg and the statutory minimum rate
- assessing applications from councils for special rate variations
- reviewing local infrastructure contributions plans
- undertaking special reviews at the request of the government.

\$1,071m

Total costs of infrastructure reviewed

 43

Reports, papers and fact sheets released

 4

Infrastructure Contribution plans submitted by councils

 17

Council applications for special variations

 1,854

Submissions to our review of Special Variation and Minimum rate increase applications

 2

Council applications for minimum rate increases

 187

Submissions to our review of Domestic Waste Management Charges

 169

Submissions to our review of the rate peg methodology

Rate Setting

IPART are accountable, under a long-standing delegation from the Minister for Local Government, for regulating the extent to which councils can increase their general income, while protecting the community and ratepayers from excessive or unjustified costs.

The rate peg is the maximum percentage amount by which councils may increase their general income^c for a financial year. IPART is responsible for calculating and specifying this percentage change under delegation from the Minister for Local Government^d. IPART announced the rate peg for 2023-24 on 29 September 2022.

If the elected councillors agree that a council needs additional revenue, the council can apply to IPART for a special variation to increase rates income by more than the rate peg. In February and March 2023, 17 councils applied for increases in rates income above the rate peg through special variations.

Based on compliance with the required criteria, IPART fully approved 14 of the applications received and 3 applications were partially approved.

IPART attached conditions to the special variation approvals requiring the councils to use the additional income for the purposes outlined in each application. The councils are also required to report to the community about how the additional revenue is spent.

IPART also approved increases to the minimum rates of City of Canada Bay Council and Strathfield Municipal Council.

Rate peg methodology

In 2022-23 IPART conducted a review of the methodology for setting the rate peg. The draft report was released in June 2023 which proposed changes to the rate peg methodology and suggested the NSW Government consider commissioning an independent review of the financial model for councils in NSW.

Contribution Plans

Section 7.11 of the *Environmental Planning and Assessment Act 1979 (NSW)* allows councils to levy contributions towards the cost of providing local infrastructure. Contributions plans set out the local infrastructure required to meet the demand from new development, and the contributions a council can levy on developers to fund the necessary land and works.

An IPART-reviewed contributions plan entitles the council to levy the full contributions amount. We assess whether the contributions plan meets the criteria set out in DPE's Infrastructure Contributions Practice Note (2019 Practice Note).

^c General income mainly comprises income from council rates, but also includes other annual council charges.

^d The Minister has the power to set the rate peg under section 506 of the Local Government Act 1993 (LG Act).

We completed draft assessments of 2 local infrastructure contributions plans:

- Liverpool Council's Contribution Plan for Austral and Leppington North
- Northern Beaches Council's Contribution Plan for French Forest Town Centre.

We also commenced our assessment of a further 4 contribution plans:

- The Hills Shire Council's Contributions Plan No 15 – Box Hill
- Blacktown City Council's contribution plan No 24 – Schofields precinct
- A targeted review of stormwater and soil disposal costs for Blacktown City Councils contribution plan No 20 and 21
- Camden Council's growth area contribution plan for the Lowes Creek Maryland Precinct.

Domestic waste management charges

In October 2022 IPART completed the review into domestic waste management (DWM) charges. These charges are levied by councils to recover the costs of providing DWM services including kerbside collections for landfill, recycling, green waste and food organics, and periodic bulky goods clean-ups, and associated services. The final report recommended that the Office of Local Government implement its recommended regulatory activities to provide further guidance to councils and undertake targeted investigations.

Other reviews

IPART completed a review of a national pricing regulatory framework for interoperable electronic conveyancing transactions between Electronic Lodgement Network Operators (ELNOs). The Final Report was provided to the NSW Government in June 2023.

In December 2022 IPART received final Terms of Reference to monitor the biodiversity credits market for 3 years from 2022-23. Each December, IPART will release an annual report on the market's performance in the previous financial year.

Human services

Human services cover areas including education, health, family and community services. In these areas IPART undertakes reviews as requested under section 9 or section 12A of the IPART Act or other work commissioned by NSW Government agencies. The scope for this work is not limited to particular subject matter, and IPART has undertaken work across a broad range of public sector services and industries.

Early Childhood Education and Care

In February 2023 IPART received the final Terms of Reference to review the NSW early childhood education and care (ECEC) sector to understand affordability, accessibility, and consumer choice, and make recommendations where necessary to improve them. IPART issued an Issues Paper in April 2023 and began extensive stakeholder consultation through multiple channels. The Final Report is due to the NSW Government in December 2023.

IPART have also been commissioned by the Minister for Education and Early Learning to undertake an independent market monitoring review (IMMR) of the childcare sector market under section 5(1) of the *Childcare and Economic Opportunity Fund Act 2022* (CEOF Act).

Government-owned businesses

The Government owns a number of commercial and non-commercial businesses across a range of sectors. These businesses are established to provide essential services on behalf of the people of NSW to overcome market challenges.

IPART plays a role in overseeing and regulating many government businesses. These are included through our industry-based regulatory approaches (e.g. businesses operating across energy, water, transport sectors). Through this, IPART works with regulated entities to hold them accountable for their planning and performance.

IPART also provides thought leadership on market stewardship to ensure efficient and effective service delivery for example the review of NSW competitive neutrality policies which aim to support effective market competition in markets where government businesses operate.

Review of NSW Competitive Neutrality Policies and Processes

Competitive neutrality policies aim to ensure that government businesses that compete with the private sector should not have a competitive advantage over other businesses solely due to their government ownership. They aim to ensure a level playing field between government business activities and their non-government competitors.

In May 2023 IPART provided the final report for the review of NSW Competitive Neutrality Policies and Procedures to Government. This review began in November 2021 and was the subject of extensive consultation. The review recommendations aimed to ensure that NSW's competitive neutrality policy has the following four best-practice features:

- Easy to engage with
- Effective compliance
- Transparent
- Responsive to change.

Submissions to external regulatory reviews

IPART made two submissions to external reviews this year:

- In January 2023 we made a submission to the Australian Energy Market Commission's review of the regulatory framework for metering services.
- In June 2023 we made a submission to the Parliamentary Inquiry into Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023.

Chapter 4 >>

Management and Accountability

04

Organisation management and structure

The Tribunal is the statutory decision-making body led by the Chair, Carmel Donnelly. They are supported by a Secretariat led by the Chief Executive Officer, Andrew Nicholls. A team of five executives, together with the CEO, make up the IPART Executive Leadership Team. This team is responsible for leadership of the organisation and maintaining effective operations of the Secretariat.

The IPART organisational structure overleaf outlines the functional responsibilities of each Executive Leadership Team member.

These functions operate in a corporate governance framework which brings strategic controls, operational controls and ethics and integrity. These are overseen by the Chair, Chief Executive Officer, Executive Leadership Team and the Audit and Risk Committee.

Further detail on IPARTs corporate governance and human resources, including audit and risk arrangements, attestations, and use of consultants, can be found in appendix B and C respectively.

Legislation

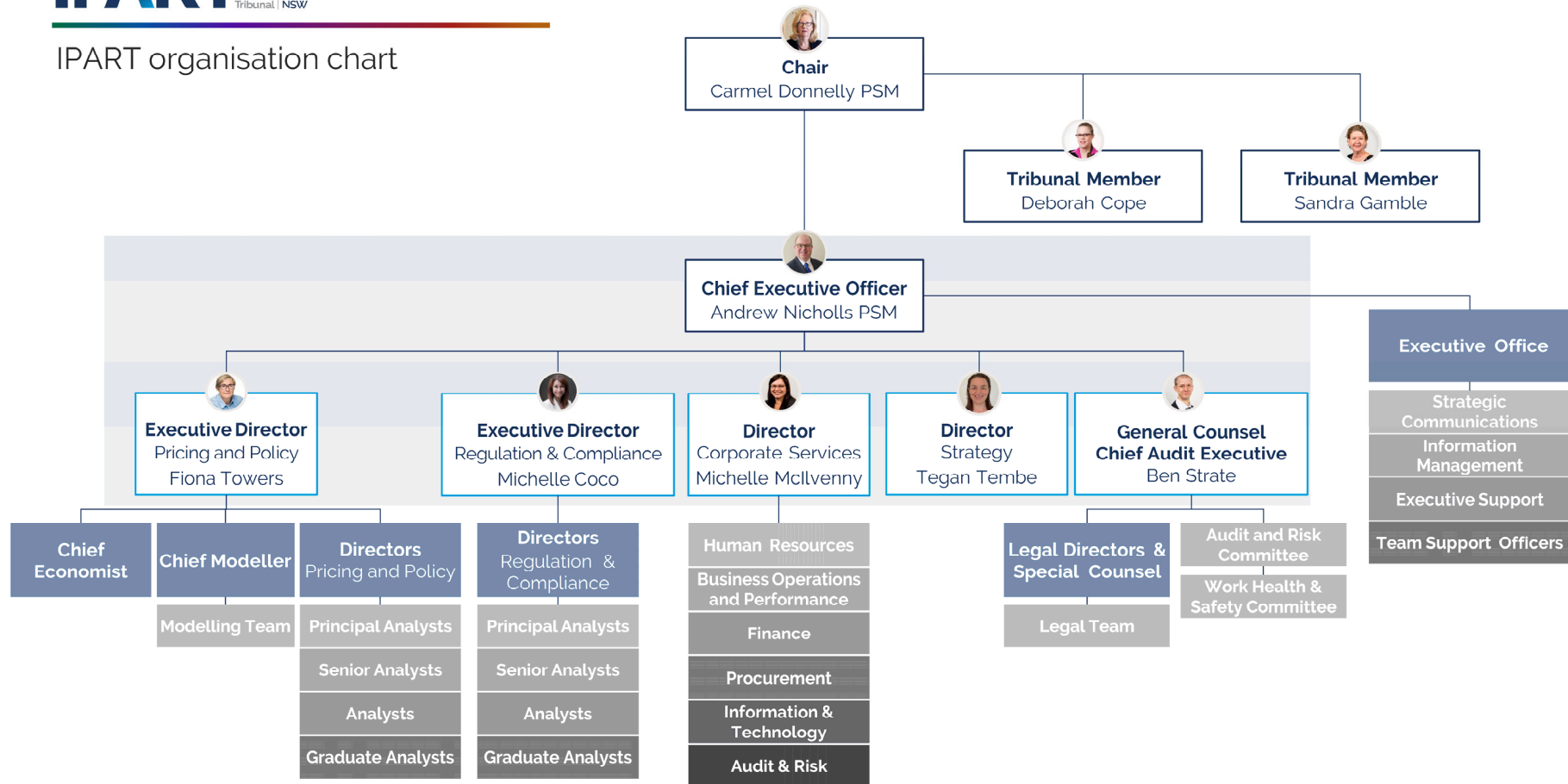
IPART was established under the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**). It has functions under the IPART Act and under other Acts such as:

- the Gas Supply Act 1996
- Electricity Supply Act 1995
- Hunter Water Act 1991
- Sydney Water Act 1994
- WaterNSW Act 2014
- Central Coast Water Corporation Act 2006
- Water Industry Competition Act 2006
- Passenger Transport Act 2014
- Transport Administration Act 1988
- Point to Point Transport (Taxis and Hire Vehicles Act) 2016
- Local Government Act 1993 (under Ministerial delegation)
- Electricity Infrastructure Investment Act 2020.
- Childcare and Economic Opportunity Fund Act 2022
- Port of Newcastle (Extinguishment of Liability) Act 2022

Appendix A provides additional detail on IPARTs legislative arrangements.



IPART organisation chart



Chapter 5 »

Sustainability

05

Promoting a healthy work culture

We continue to undertake activities to imbed our IPART values and promote a safe and inclusive workplace.

The development and implementation of our Illness Prevention Strategy ensured a contemporary approach to preventing illness in the modern workplace and ensured we consider the lessons learned from the pandemic. The Illness Prevention Strategy enables us to take a common sense and responsive approach to managing our individual and organisational wellness in the face of recurring and emerging illnesses that may affect some or many of us from time to time.

We foster a safe and healthy work environment for our staff. Throughout the year we:

- provided mental health first aid training and support
- provided workshops on refreshing mindsets and managing burnout
- continued to provide flexible and hybrid working arrangements and development opportunities for our employees
- promoted inclusion and awareness through support of initiatives including Harmony Day, RUOK Day and Wear it Purple Day
- promoted health initiatives through the corporate fitness program, influenza vaccinations and participating in STEPtember
- undertook Work Health and Safety inspections of our office space.

Developing our people

IPART is committed to providing opportunities for our people to develop rewarding careers and enable our workforce to continually adapt to changing demands whilst delivering our functions.

The IPART Capability Development Framework was implemented during 2022-23. The Capability Development Framework provides a structure to enable our employees and their People Leaders to identify and develop the right capabilities to support their career development and deliver on our strategic plan and purpose of making the people of NSW better off. It enables employees and their people leaders to develop tailored learning and development goals that consider their current skills, the skills required of their role and their career aspirations.

Some of the activities undertaken in 2022-23 include:

- supporting improved leadership capability with 30 People Leaders participating in the Department of Customer Service Elevate Leadership Course
- providing access to mentoring program opportunities for both mentors and mentees
- providing formal learning in project management, plain English writing and stakeholder engagement
- improving functionality and use of the IPART Talent Pool
- ongoing provision of tertiary study assistance for our people
- providing access to technical seminars and training to keep our people up to date with contemporary practice

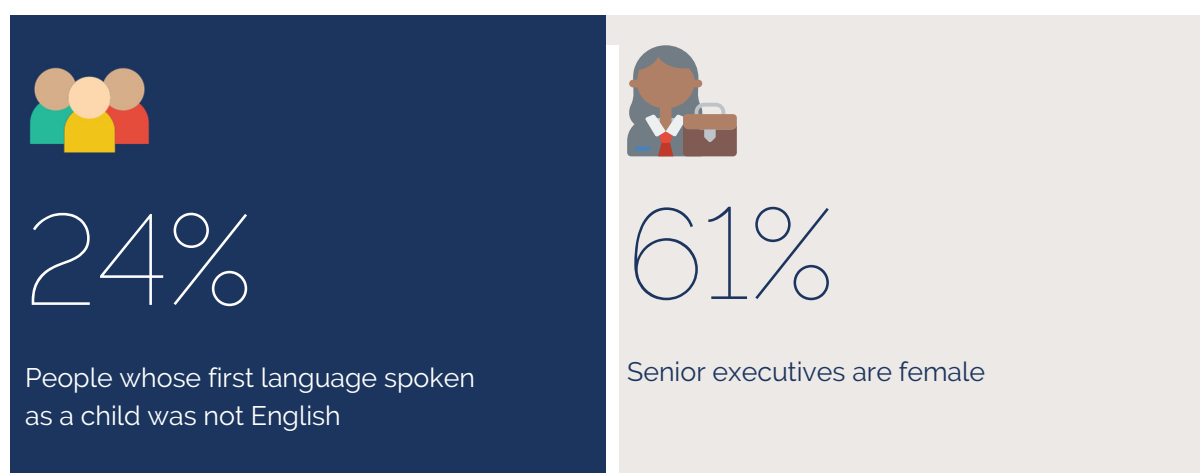
- completion of mandatory training in Workplace Health and Safety, Respectful Workplaces, Fraud and Corruption Awareness, Privacy and Cyber-Security.

Workforce diversity

As at 30 June 2023 we have 155 employees employed in a full-time, part-time or casual basis. Our employees come from a range of backgrounds and bring various capabilities including in the fields of economics, environmental science, engineering, law, and business.

IPART recognises that an inclusive workforce, where our people feel a high level of psychological safety and belonging enhances our performance and helps us to deliver better outcomes for customers and communities.

During 2022-23 IPART maintained strong female leadership representing 61 percent of senior executives. Representation of people whose first language spoken as a child was not English is also on target, representing 24 per cent of staff. The portion of the workforce who identified as Aboriginal and/or Torres Strait Islander People and/or people with disability increased through the year but there is further work to do to achieve Public Sector benchmarks.



IPART remains committed to continuing to increase our diversity across a broad range of attributes including age, cultural background, gender, people with disability, and neurodiversity to better reflect the people we serve.

Further detail on IPART's workforce and diversity detail is included in Appendix C.

Chapter 6 >>

Financial Performance

06

Net Result

IPART's actual net result for 2022-23 was \$1.260 million. This was favourable to IPART's original budget by \$1.552 million.

Overall, total expenses were \$2.917 million below original budget. Total revenue was \$1.365 million below original budget. This included a reduction in appropriations drawn down of \$2.243 million, partially offset by higher fee for service revenue of \$361K.

These variations were largely due to policy decisions and delays associated with the Renewable Fuel Scheme and Peak Demand Reduction Scheme. IPART intends to progress these activities in 2023-24.

Assets and Liabilities

Total assets were \$8.301 million (\$4.083 million higher than original budget). This was mainly due to a \$4.525 million increase in cash and cash equivalents, partially offset by a \$457K decrease in receivables.

Total liabilities were \$5.732 million (\$2.039 million higher than original budget) due to an increase in payables and provisions.

Cash Flows

Net cash from operating activities were \$3.402 million and were higher than original budget by \$3.221 million mainly due to a \$3.205 million decrease in payments.

Net cash used in investing activities were \$110K outgoing and were lower than budget by \$70K due to capital budget not being fully utilised.

Financial Statements along with the Audit Opinion and other unaudited financial information are provided in Appendix D.

Note: budgeted amounts above refer to original budget estimates per 2022-23 NSW Budget papers. Subsequent amendments are not reflected in the stated budgeted amounts above.

Appendices

Appendix A >>

Legislative arrangements



A.1 Overview

IPART has a wide range of legislative functions, including some functions that we do not necessarily undertake each year.

A.2 Principal legislation under which IPART operates

IPART was established under the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**). It has functions under the IPART Act and also under other Acts such as the *Gas Supply Act 1996*, *Electricity Supply Act 1995*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *WaterNSW Act 2014*, *Central Coast Water Corporation Act 2006*, *Water Industry Competition Act 2006*, *Passenger Transport Act 2014*, *Transport Administration Act 1988*, *Point to Point Transport (Taxis and Hire Vehicles Act) 2016*, *Local Government Act 1993* (under Ministerial delegation), *Electricity Infrastructure Investment Act 2020*, *Childcare and Economic Opportunity Fund Act 2022* and *Port of Newcastle (Extinguishment of Liability) Act 2022*. Further discussion of the legislation under which IPART operates is set out in sections A.2 to A.17 below.

IPART also has certain relatively minor functions under Acts such as the *Crown Land Management Act 2016*, *Snowy Hydro Corporatisation Act 1997*, *Forestry Act 2012*, *Electricity Network Assets (Authorised Transactions) Act 2015*, *Motor Accidents Compensation Act 1999*, *Biofuels Act 2007* and *Environmental Planning and Assessment Act 1979*.

A.3 IPART Act

Under the IPART Act, IPART has a number of major roles including:

- regulating prices and reviewing pricing policies of government monopoly services
- undertaking reviews referred to it in relation to industry, pricing or competition
- providing assistance to other agencies
- arbitrating access disputes in relation to public infrastructure access regimes
- registering access agreements
- regulating water, electricity and gas licences
- investigating complaints under the competitive neutrality regime.

A.3.1 Regulating prices and reviewing pricing policies

Under the IPART Act, we conduct investigations and make reports to the relevant Minister on the determination of maximum prices for specified government monopoly services supplied by government agencies. We also conduct periodic reviews of the pricing policies of specified government monopoly services.

A service may be declared to be a government monopoly service if it is a service:

- for which there are no other suppliers to provide competition in the part of the market concerned
- for which there is no contestable market by potential suppliers in the short term.

There are two main ways in which our investigations may be initiated. The first is by standing reference. In particular, section 11 of the IPART Act provides that IPART is to initiate investigations of government monopoly services supplied by those government agencies for which IPART has a standing reference (with such agencies being listed in Schedule 1 of the IPART Act).

The government agencies for which we currently have a standing reference are:

- Sydney Water Corporation
- Hunter Water Corporation^e
- water supply authorities constituted under the *Water Management Act 2000*
- county councils established for the supply of water
- Transport for NSW
- Department of Family and Community Services
- Port Corporations or other relevant port authorities within the meaning of Part 5 of the *Ports and Maritime Administration Act 1995*
- Water Administration Ministerial Corporation
- Essential Energy
- WaterNSW.^f

As some of the services of some agencies listed above have not been declared to be monopoly services, we may not initiate pricing investigations for those services under section 11 of the IPART Act.

^e But excluding any water or sewerage services provided by Hunter Water Corporation in respect of the Dungog local government area prior to the commencement of the Tribunal's first determination made under section 11 of the IPART Act for Hunter Water Corporation after the commencement of the *Independent Pricing and Regulatory Tribunal Amendment (Hunter Water) Regulation 2008*.

^f But excluding any services provided by WaterNSW in respect of which fees and charges may be approved or determined in accordance with Part 6 or 7 of the *Water Charge (Infrastructure) Rules 2010* (Cth) or the applied provisions, within the meaning of Part 3B.

The second way in which we may initiate an investigation is by a reference from the Minister responsible for the IPART Act (currently the Premier). Under section 12 of the IPART Act, the Minister may require IPART to determine the maximum price or carry out a review of pricing policies in respect of a specified government monopoly service, including those supplied by government agencies that are the subject of a standing reference. We may ask the Minister to make a particular reference under these provisions.

Public participation and access to information

The IPART Act contains a number of provisions to ensure that our activities are conducted through a public process. The main requirement is that we must hold at least one public hearing for each pricing or access investigation. We may seek public participation by:

- advertising public hearings
- seeking public comments on terms of reference
- providing public access to submissions
- inviting public comment on issues and submissions
- holding public seminars and workshops
- releasing reports and determinations to the public.

We must make a document obtained by us in connection with an investigation available for inspection on request, unless the document contains information that IPART would not be required to disclose under the *Government Information (Public Access) Act 2009*. If a document contains such information, the IPART Act provides that IPART has the discretion to release it following consultation, if satisfied that it will not damage commercial or other interests.

Matters we must consider

Under section 15 of the IPART Act, we are required to have regard to a range of matters when making determinations and recommendations under the Act, and to report on what regard it has had to each in reaching the particular determination or recommendation. These matters are (in addition to any other matters we consider relevant):

- the cost of providing the services concerned
- the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standard of services
- the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales
- the effect on general price inflation over the medium term
- the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- the need to maintain ecologically sustainable development (within the meaning of section 6 of the *Protection of the Environment Administration Act 1991*) by appropriate pricing policies that take account of all the feasible options available to protect the environment
- the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets
- the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body
- the need to promote competition in the supply of the services concerned
- considerations of demand management (including levels of demand) and least cost planning
- the social impact of the determinations and recommendations
- standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise).

The Minister may also require IPART to consider specific matters, in addition to the section 15 matters, in its investigations.

How we set maximum prices

IPART may set maximum prices in either of two ways. The first way is by determining maximum prices. Under section 14 of the IPART Act, we may fix maximum prices in any way we consider appropriate, including fixing:

- an average price for a number of categories of service
- a percentage increase or decrease in existing prices
- an average percentage increase or decrease in existing prices for a number of categories of the service
- a specified price for each category of the service.

We may fix such a price by reference to:

- a general price index
- the government agency's economic cost of production
- a rate of return on the assets of the government agency.

The second way is by establishing a methodology for determining maximum prices. We may only do this if we consider that it is impractical to fix maximum prices directly. A methodology may be made in any manner that we consider appropriate, including by reference to maximum revenue, or maximum rate of increase or minimum rate of decrease in maximum revenue, for a number of categories of the service concerned.

In determining the maximum price for a government monopoly service, we may be directed by a portfolio Minister to include an amount representing the efficient cost of complying with a Ministerial directive or a requirement imposed on the agency under a licence, authorisation or statutory instrument.

Implementing maximum prices

Agencies which are subject to IPART's determinations under the IPART Act are not permitted to levy prices which exceed the maximum prices determined by us. Under section 18 of the IPART Act, the approval of the Treasurer is required if an agency wishes to charge a price below the maximum price.

Compliance

In their annual reports, all agencies subject to IPART's determinations made under the IPART Act must report on how they have implemented the maximum prices. Agencies must also provide information on whether our recommendations to which they are subject have been implemented, and reasons for any non-implementation.

Release of reports and determinations

We submit our reports for price determinations under the IPART Act to the Minister. Any determination must be published in the NSW Government Gazette as soon as practicable. Reports must be made available for public inspection, tabled in Parliament, and placed in the Parliamentary Library.

A.3.2 Reviewing industries, pricing or competition

Under section 12A of the IPART Act, the Minister may require IPART to conduct investigations and make reports on any matter with respect to industry, pricing or competition. In contrast to the review provisions of sections 11 and 12 of the IPART Act, these reviews are not restricted to government monopoly services and may cover both government and private industry issues. In carrying out reviews under section 12A, we are not specifically required to have regard to the various matters listed in section 15 of the IPART Act.

A.3.3 Providing assistance to other agencies

Under section 9 of the IPART Act, the Minister may approve the provision of services by IPART to any government agency or other body or person (public or private), where those services are in areas within IPART's field of expertise and relevant to its functions. In entering into any arrangement to provide services, we have a duty to ensure that giving effect to the arrangement will not interfere with our ability to exercise our usual functions. Several examples are shown in the 'Our Performance' section of this report.

During the financial year 2022-23, we commenced, continued or completed notable special reviews under section 9 or 12A of the IPART Act on:

- the Biodiversity Credits Market
- the future of embedded networks in NSW
- affordability, accessibility and consumer choice of NSW early childhood education and care
- the determination of Port of Newcastle compensation
- third-party access to rail infrastructure in NSW
- interoperability pricing for Electronic Lodgement Network Operators
- Competitive Neutrality policies and processes in NSW.

A.3.4 Arbitrating access disputes

Under Part 4A of the IPART Act, any dispute with respect to a public infrastructure access regime that provides for the application of Part 4A may be subject to arbitration by IPART. In carrying out these arbitration functions, we may appoint an arbitrator from a panel approved by the Minister or may undertake the arbitration ourselves. The *Commercial Arbitration Act 2010* applies to such an arbitration, subject to the provisions of the IPART Act and any regulations made under section 29 of the IPART Act.

A.3.5 Registering access agreements

Sections 12B and 12C of the IPART Act require a government agency to notify IPART of any access agreements into which it proposes to enter or has entered. IPART may provide advice on the proposed agreement to the agency and to the Minister. We are required to register all access agreements (section 12C).

A.3.6 Investigating complaints under competitive neutrality regime

We have a role in investigating and reporting on competitive neutrality complaints under the Competition Principles Agreement,⁹ so far as they are applicable to public authorities. If certain conditions are met, the Minister may refer to IPART, for investigation and report, a complaint about a public trading agency's failure to comply with (or misapplication of) the competitive neutrality principles. The IPART Act specifies the processes we are to follow in investigating such a complaint (Part 4C).

In February 2022, we received a referral from the Minister for Customer Service to review competitive neutrality policies and processes in NSW. The Final Report was delivered in May 2023.

A.3.7 Investigating and reporting in relations to SafeWork NSW

Section 12AA of the IPART Act enables IPART to conduct investigations and make reports on such matters relating to the operational costs and expenses of SafeWork NSW as are referred to the Tribunal by the relevant Minister.

A.3.8 Approval or determination of Murray-Darling Basin water charges

Part 3B of the IPART Act enables IPART to approve or determine charges for the provision of certain water infrastructure services in the Murray-Darling Basin (see section A.9).

A.4 Licensing

We are responsible for ensuring various regulated entities meet their licence requirements. Under the IPART Act, *Electricity Supply Act 1995*, *Gas Supply Act 1996*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *WaterNSW Act 2014* and *Central Coast Water Corporation Act 2006*, we are responsible for matters such as making recommendations to the relevant Minister with respect to:

- granting, varying, transferring or cancelling a licence (or authorisation in the case of the gas industry)
- taking action or applying sanctions in response to a contravention of the conditions of a licence
- taking any remedial action as a result of a contravention of the conditions of a licence.

We are also responsible under the *Water Industry Competition Act 2006* for matters such as making recommendations to the relevant Minister with respect to granting licensing applications for private providers of water and sewerage infrastructure services. The *Water Industry Competition Amendment Act 2021* will make substantial changes to this legislative framework, but those amendments have not yet commenced.

⁹ The Competition Principles Agreement was made on 11 April 1995 by the Commonwealth, the Territories and the States.

To fulfil our role under these Acts, we also monitor licence compliance and report annually to the relevant Minister regarding such compliance. We also have specific licence auditing responsibilities for the electricity and water industries.

In addition to making recommendations to the Minister, we have limited powers to impose monetary penalties or require a utility to take remedial action in certain circumstances.

A.5 Energy price monitoring

IPART has functions under certain national energy laws. Most significant of these is our role of Market Monitor under the *National Energy Retail Law (NSW)*. As Market Monitor, we monitor and report annually on the performance and competitiveness of the New South Wales retail electricity and retail gas markets for small customers.

A.6 Transport pricing regulation

A.6.1 Passenger Transport Act 2014

The *Passenger Transport Act 2014* provides a framework for regulating public transport services. Under this Act, a referral may be made to IPART to determine or recommend maximum fares for public passenger services. In making our determinations or recommendations, we are to consider the following matters:

- the cost of providing the services
- the need for greater efficiency in the supply of services to reduce costs for the benefit of consumers and taxpayers
- the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service
- the social impact of the determination or recommendation
- the impact of the determination or recommendation on the use of the public passenger transport network and the need to increase the proportion of travel undertaken by sustainable modes such as public transport
- standards of quality, reliability and safety of the services (whether those standards are specified by legislation, agreement or otherwise)
- the effect of the determination or recommendation on the level of Government funding
- any matters specified in the referral to IPART
- any other matter we consider relevant.

We also have functions under the NSW Rail Access Undertaking and the *Transport Administration Act 1988*. In June 2021, IPART received a referral from the Minister for Customer Service to review the NSW Rail Access Undertaking. We provided its final report in May 2023.

A.6.2 Point to Point Transport (Taxis and Hire Vehicles Act) 2016

Part 5 of the *Point to Point Transport (Taxis and Hire Vehicles Act)* authorises IPART, with Ministerial referral, to make recommendations to the relevant Minister on the appropriate maximum fares for point-to-point passenger services.

Part 4, Division 7 of the *Point to Point Transport (Taxis and Hire Vehicles Act)* authorised IPART, with Ministerial referral, to investigate and report to Transport for New South Wales with a recommendation as to the number of taxi licences to be issued for a specified period. This Division was repealed with effect from 1 February 2023.

A.7 Greenhouse Gas Reduction Scheme

The NSW Greenhouse Gas Reduction Scheme (Scheme) closed on 1 July 2012. The final accreditation under the Scheme was cancelled in September 2017. Although no new certificates are being issued under the Scheme, there are still over 3 million active certificates. IPART, as Scheme Administrator, has retained certain powers under the *Electricity Supply Act 1995* pending finalisation of all Scheme related matters.

A.8 Energy Security Safeguard

In May 2020, the *Electricity Supply Act 1995* was amended to introduce the Energy Security Safeguard. The object of the safeguard is to improve the affordability, reliability and sustainability of energy through the creation of financial incentives that encourage the consumption, contracting or supply of energy in particular ways. The safeguard will eventually consist of three 'schemes', and the NSW Energy Savings Scheme (ESS) is the first such scheme (although the ESS originally commenced on 1 July 2009). The Peak Demand Reduction Scheme (PDRS) commenced in November 2022, and the Renewable Fuel Scheme (RFS) is yet to commence.

The ESS is designed to create a financial incentive to reduce the consumption of energy by encouraging energy saving activities. It sets out energy savings targets and imposes an obligation on NSW electricity retailers (and certain other parties) to surrender sufficient energy savings certificates to meet their individual energy savings targets. The PDRS and RFS are designed along similar lines but are intended to incentivise reductions in peak demand for electricity and the production of green hydrogen and other renewable fuels respectively.

IPART functions as both the scheme administrator and scheme regulator for the three Safeguard schemes. As scheme administrator and scheme regulator, we are responsible for assessing applications, accrediting parties to undertake eligible activities and to create certificates, monitoring compliance and monitoring the performance of scheme participants. We also manage the registration and transfer of certificates created from recognised activities.

A.9 Local Government

IPART performs functions relating to local government under:

- terms of reference under section 9 of the IPART Act
- delegation by the Minister for Local Government under the *Local Government Act 1993*.

Our functions relating to local government include:

- developing a local government cost index and productivity factor
- reviewing council development contributions plans under the *Environmental Planning and Assessment Act 1979* and reporting to the Minister for Planning and Public Spaces and the relevant councils on IPART's assessment of the contributions plans
- determining the rate peg for general council income
- determining annual charges for domestic waste management services
- determining applications by councils for special variations and minimum rate amounts under the *Local Government Act 1993*.

We must report annually on our local government functions.

In addition to the functions above, we received a request from the Minister for Local Government to review our methodology for setting the rate peg for general council income in August 2022 and provided a final report on the review in August 2023.

A.10 Water Infrastructure Pricing

In September 2015, the Australian Competition and Consumer Commission (ACCC) made a decision to accredit IPART under Part 9 of the *Water Charge (Infrastructure) Rules 2010* (Cth) (WCIR). Under its accreditation, IPART has the functions of a "Regulator" under the WCIR in relation to prices for bulk water services provided by WaterNSW (formerly the State Water Corporation) to customers in the Murray-Darling Basin.

In April 2022, the ACCC formed the view that WaterNSW will cease to be a 'Part 6 operator' under the Commonwealth regime. As a result, in future WaterNSW pricing reviews (after the end of the current determination on 30 June 2025), we will not be setting prices for bulk water services provided by WaterNSW under the Commonwealth regime. Instead, we will set prices under the IPART Act.

A.11 Electricity Infrastructure & Licensing

A.11.1 Electricity Supply Act 1995

IPART has licensing, technical and safety functions for electricity networks under the *Electricity Supply Act 1995* and the *Electricity Supply (Safety and Network Management) Regulation 2014*. These functions include:

- administering the reporting and performance auditing of electricity network operators
- compliance auditing of electricity network operators
- appointing inspectors to inspect electrical installations and electrical delivery equipment and the investigation of serious electricity works accidents
- advising on the exercise of emergency or step-in powers by the relevant Minister or exercising such powers.

A.11.2 Electricity Infrastructure Investment Act 2020

The *Electricity Infrastructure Investment Act 2020* commenced on 3 December 2020. This Act and the *Electricity Infrastructure Investment Regulation 2021* (EIRR) require:

- an "Energy Savings Target Monitor" (the Monitor) to calculate an energy security target for each year, up to 10 years into the future, and report on whether there is likely to be enough firm capacity to meet the target
- a "regulator" to undertake a number of functions, including:
 - a) making five-year revenue determinations for network infrastructure programs
 - b) making annual contribution determinations in relation to the Electricity Infrastructure Fund, approving a risk management framework developed by the Consumer Trustee
 - c) reviewing tender rules in relation to long-term energy service agreements
 - d) assessing the Renewable Energy Sector Plan
 - e) calculating emissions intensity for NSW designated generation facilities and for firming infrastructure, and calculating a number of offset units that must be procured and surrendered for firming infrastructure.

IPART is the default Monitor and regulator, where no other entity is appointed to undertake the functions. AEMO has been appointed as the Monitor, and the Australian Energy Regulator as regulator for functions (a), (b) and (c) in 2021-22. IPART has also been appointed as a regulator under the Act for the purposes of function (d) and all other regulatory functions under the Act which have not yet been assigned to another person or entity. These other regulatory functions include auditing the performance of different entities under the Act and preparing annual reports.

A.12 Early Childhood Education and Care

In February 2023, IPART was commissioned under section 5(1) of the *Childcare and Economic Opportunity Fund Act 2022* (CEOF Act) to undertake a review into the childcare sector market. IPART is to review:

- Areas where it considers there are childcare supply shortages or higher barriers to parents or carers participating in work because of the affordability or accessibility of childcare.
- The state of the childcare sector, including workforce, pay and conditions, and quality standards in the childcare sector.

IPART's report is to include an estimate of the amount required to achieve the objective of the CEOF Act and otherwise fund the Board for at least the next 2 financial years after the date of the Report (subject to a legislated cap).

We are due to provide our report to the Minister for Education and Early Learning by December 2023.

A.13 Port of Newcastle

IPART has been appointed under section 6 of the *Port of Newcastle (Extinguishment of Liability) Act 2022* (PoN Act) to determine the relevant compensation amount for the Port of Newcastle. The determination process is governed by provisions of the *Port of Newcastle (Extinguishment of Liability) Regulation 2023* (PoN Regulation). IPART's task is to determine the amount by which the financial value of the right to operate and lease the assets of the Port of Newcastle for 98 years would have been reduced because of the inclusion of a certain provision in the Port Commitment Deed entered into by the State.

We expect to provide our determination in early 2024.

A.14 Governance of State insurance and care schemes

Under section 25 of the *State Insurance and Care Governance Act 2015*, IPART may, at the request of the relevant Minister, conduct an investigation and report to that Minister on such matters relating to the operational costs and expenses of the State Insurance Regulatory Authority (SIRA) as are determined by the Minister.

IPART was not requested to exercise this function during the reporting period.

A.15 Arbitrating insurance premiums

Additional functions have been conferred on IPART in relation to arbitrating insurance premium disputes. These functions allow us to act as arbitrator to hear and determine arbitrations between insurers and SIRA where proposed insurance premiums have been rejected by SIRA under the *Workers Compensation Act 1987*; the *Home Building Act 1989*; and Division 2.3 of the *Motor Accidents Injuries Act 2017*.

IPART was not requested to exercise this function during the reporting period.

A.16 Determination of a wholesale price for ethanol

Part 3A of the *Biofuels Act 2007* confers on IPART the function of:

- determining, and periodically reviewing, a reasonable wholesale price for ethanol for use in the production of petrol-ethanol blend
- monitoring the retail market for petrol-ethanol blend and making reports to the relevant Minister on the effect of IPART's determination on that market.

A.17 Directions under s16A of the IPART Act

Under section 16A of the IPART Act, the portfolio Minister for a government agency may direct IPART to include in a price determination, for a government monopoly service provided by the agency, an amount representing the efficient costs to an agency of complying with a specified requirement imposed on the agency. Such a requirement may only be imposed by or under a licence or authorisation, by ministerial direction under an Act, or some other requirement imposed by or under an Act or statutory instrument.

A portfolio Minister may only give a section 16A direction to IPART after consulting with IPART and obtaining the Minister's approval. Once IPART is given a direction under section 16A, it must comply with the direction. The Tribunal must also set out the terms of such a direction and explain the manner in which it has complied with the direction in the relevant price review report.

No section 16A directions were received during the reporting period.

Appendix B >>

Corporate Governance

B

B.1 Promotion

There were no official overseas visits by an IPART employee in the reporting period 2022-23.

B.2 Asset Management Plan

In accordance with TPP19-07 Asset Management Policy, IPART was provided a 2-year small agency exemption (to 30 June 2024) from compliance with the policy. However, IPART does undertake a number of activities to manage a small number of owned assets.

B.3 Audit and Risk Committee

IPART's Audit and Risk Committee (ARC) provides independent advice to the Tribunal and CEO. The ARC oversees IPART's governance processes, internal audit, risk management and control framework, compliance management and its external accountability obligations.

The Committee Chair and two additional members are appointed by the CEO under the NSW Government's prequalification Scheme: Audit and Risk Committee Independent Chairs and Members. The Committee met five times as scheduled across the 2022/23 Financial Year, on 29 July 2022, 17 October 2022, 16 December 2022, 21 March 2023 and 3 July 2023.

B.4 Internal Audit

IPART undertook a significant review of the Internal Audit Charter and Internal Audit Manual during 2022 and focussed efforts on building a solid foundation for its quality assurance and improvement program. This has seen enhanced client engagement and implementation of internal audit performance measures.

We operate a co-source model to undertake internal audit activities. Centium were engaged as IPART's internal audit service provider, undertaking two audits during 2022-23, on Public Water Utilities, and Energy Network Regulation (Electricity and Gas). In addition, IPART engaged the Institute of Internal Auditors (IIA) – Australia, to conduct a five-yearly review across Internal Audit, and Risk Management.

The Audit and Risk Committee considers the internal audit plan, internal audit scopes as well as the outcomes of each audit including management's responses to audit recommendations. The Executive Leadership Team and ARC receive regular updates on progress towards implementing the audit recommendations.

B.5 Risk Management

IPART continued to enhance its risk management program, reviewing our Risk Management Framework including Risk Appetite Statement, Risk Management Policy and Procedure to ensure it remains appropriate, fit-for-purpose and tailored to the needs of IPART. The review sought to enhance core risk management policy standards (NSW Treasury's Policy Paper TPP20-08 Internal Audit and Risk Management for the General Government Sector and ISO 31000:2018 Risk Management Guidelines).

More specifically, the review reflected change to key-drivers such as legislation, integration practices (focused on procurement, insurance and climate change risk), risk maturity (use of NSW Treasury's Risk Maturity Tool), and setting in place risk assessment process minimum requirements, and enhancing opportunity risk management along with risk escalation conditions and response.

B.5.1 Strategic Risk

On 27 June 2023, IPART's Tribunal, Executive Leadership Team, and Audit and Risk Committee attended a Strategic Foresight and Emerging Risk Workshop facilitated by the Department of Premier and Cabinet's (DPC) Shaping Futures Team. The workshop fostered an open discussion on the future strategic and risk horizons for IPART.

B.5.2 Climate Change Risk

IPART engaged AECOM to facilitate four Climate Change Preparedness workshops to review IPART's exposure to climate-related risks across key industries. This work identified 8 climate change risk statements and 1 other risk statement as a priority within the period to 2030.

IPART continues to develop its climate change strategy and approach to embed climate change risk within its Risk Management Framework. This has included the development of an IPART Climate Change Statement, Climate Change Risk Guide, and the completion of Climate Risk Assessment Tool, Risk Health Check, Climate Preparedness Survey and climate change impact on financial statements assessment.

B.6 Insurance

IPART's major insurance risks are administered by icare Self-Insurance under the Treasury Managed Fund (TMF). TMF is a government-wide self-insurance scheme that provides worker's compensation, public liability, property and miscellaneous cover.

B.7 Internal Audit and Risk Management Attestation Statement for the 2022-23 Financial Year for IPART

I, Andrew Nicholls, Chief Executive Officer, am of the opinion that IPART has internal audit and risk management processes in operation that are compliant with the seven (7) core requirements set out in the Internal Audit and Risk Management Policy for the General Government Sector, specifically:

Core Requirements	Specify compliant, non-compliant, or in transition	
Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

For the 2022-23 Financial Year, the independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Elizabeth Crouch AM (Appointment Term: 1 December 2016 to 1 December 2024; as Chair from 1 December 2019).2023)
- Independent Member, Ken Barker (Appointment Term: 14 October 2014 to 8 October 2022)
- Independent Member, Rob Mason (Appointment Term: 2 May 2021 to 23 March 2023)
- Independent Member, Jeremy Chandler (Appointment Term: 10 October 2022 to 9 October 2025)
- Independent Member, Arthur Diakos PSM (Appointment Term: 12 May 2023 to 11 May 2026)



Andrew Nicholls
Chief Executive Officer
20 October 2023

Ben Strate - Agency Contact Officer
General Counsel
Chief Audit Executive

B.8 Cyber Security Annual Attestation Statement for the 2022/23 Financial Year for IPART

I, Andrew Nicholls, am of the opinion that IPART has a formal approach to:

- Assessing and managing its cyber security risks and undertakes continual improvement initiatives to further strengthen the cyber security environment in a manner consistent with the mandatory requirements as set out in the NSW Government Cyber Security Policy.
- Assessing its cyber security maturity against mandatory requirements of the NSW Cyber Security Policy and Australian Cyber Security Centre (ACSC) Essential Eight and reports those results to Cyber NSW via the Department of Customer Service (DCS) cluster Chief Information Security Officer (CISO).
- Governance to review and manage IPART's Cyber Security Plan and associated initiatives on a cyclic basis.
- Implementation and testing its Incident Response Plan to appropriately manage any cyber security incidents as required by NSW Cyber Security Policy.
- An appropriate audit and assurance regime in line with NSW Cyber Security Policy.



Andrew Nicholls
Chief Executive Officer

B.9 Compliance with the Privacy and Personal Information Protection Act 1998

We are committed to protecting the personal information provided to us in compliance with requirements of the *Privacy and Personal Information Protection Act 1998* (PIIP Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act). Personal information provided to IPART is not disclosed or re-used for another purpose, unless consent is given to such disclosure or use, or we are required or permitted to do so by law.

IPART has a Privacy Management Plan that includes measures taken to ensure continued compliance with the provisions of the PIIP Act. Our Privacy Management Plan is published on our website. Employees undertook mandatory privacy training in 2022-23 and new employees are briefed on the Plan as it relates to their role during on-boarding.

In the reporting year 2022-23 IPART did not receive any complaints relating to privacy, and no Internal Privacy Reviews were conducted by or on behalf of IPART under Part 5 of the PIIP Act.

B.9.1 Records Management Program

During 2022-23, our records management policy was reviewed and updated for accuracy, contemporary language, and to address changes to the *State Records Act 1998* (State Records Act). We completed the Records Management Assessment Tool (RMAT) to report our records management program in accordance with section 12(4) of the State Records Act. We continue to increase our maturity and improve our compliance with the State Records Act by undertaking a review of our records disposal and retention plan, access directions and archival transfer.

B.10 Consumer complaints

IPART is committed to handling feedback and complaints courteously, equitably, and respecting the privacy of the person making the complaint. All complaints or enquiries are recorded and, where relevant, registered as submissions to any current review. These complaints may relate to our own programs and delivery or that of entities we regulate.

In our role in Local Government, we received 2 complaints relating to our special variation determinations and 3 complaints concerning local council rates and financial management, which we responded to and registered.

We received 5 complaints relating to water companies and water prices. We replied and discussed the issues and where relevant investigated the issues with the companies directly before replying.

We received 22 energy related complaints, mostly about the solar feed-in tariff benchmark and high energy prices. We explained why feed-in tariffs have dropped and provided information to help compare rates.

In transport, we received one complaint about taxi fares, we responded and referred them to Transport NSW who set the maximum fares.

In the Energy Savings Scheme, we received 5 complaints from Accredited Certificate Providers (ACPs) regarding IPART's communication of changes to forms, we took on their concerns and sent out additional communication regarding the changes and updated our communication processes for future changes. We received 42 complaints regarding the installation of heat pump water systems and lighting equipment. Where possible we contacted the relevant ACP to request a resolution for the complainant.

Where a complaint was received about another organisation or services not provided by IPART we responded and referred them to the relevant organisation.

B.11 Modern Slavery Act 2018 reporting

IPART is committed to the elimination of all forms of modern slavery, including the use of child labour, exploitation, and servitude.

During the year, IPART took steps to ensure ethical sourcing of goods and services. This included a range of activities such as continuing to seek advice from NSW Procurement on centrally sourced suppliers, adhere to the NSW Procurement Framework policy, verify adherence to modern slavery requirements of our third-party providers, and to undertake effective supplier management to maintain a low-risk profile on modern slavery.

While IPART's discretionary procurement expenditure comprises a small percentage of its overall operating and capital expenditure, during 2022-23, we undertook a modern slavery review and risk assessment, which did not identify instances of modern slavery, and we remain proactive and in identifying the areas of concern.

We acknowledge the importance of continuous improvement and plan to uplift modern day slavery actions including, additional training for key staff involved in procurement activities to be aware of modern slavery, and continue to redesign agreements, procedures and templates to better assess, manage and seek supplier assurance on modern slavery practices.

B.12 Government Information (Public Access) Act 2009 (GIPA Act)

The *Government Information (Public Access) Act 2009* (GIPA Act) requires agencies to provide access to government information and encourages proactive release of such information. As required by the GIPA Act, the IPART provided the following information on its website:

- A publication guide describing IPART's structure and functions, the various kinds of information it holds, and how people can access this information.
- Documents about IPART that have been tabled in parliament.
- IPART's policy documents.
- IPART's disclosure log of formal access applications.
- IPART's register of government contracts.
- A record indicating the general nature of any open access information that has not been disclosed because of an overriding public interest.

We endeavour to make as much additional information about the work we do quickly and easily available through our website consistent with the government's commitment to proactive release of information. All of IPART's publications are available on our website.

Where information is not available on the website, an informal request may be made to IPART's Right to Information Officer. Where information is not available on the website or not provided by informal request, a formal access application can be made by contacting us.

B.12.1 Statistical information

IPART provides the following information as required by Schedule 2 of the *Government Information (Public Access) Regulation 2009*.

Table B.1 Number of GIPA applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	1	2	0	0	0	1	0	0

Note: More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to the table below.

Table B.2 Number of GIPA applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	1	2	0	0	0	1	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

Note: *A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table B.3 Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	2
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	2
Invalid applications that subsequently became valid applications	2

Table B.4 Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Privilege generally - Sch 1(5A)	0
Information provided to High Risk Offenders Assessment Committee	0

Note: *More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to the table below.

Table B.5 Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used*
Responsible and effective government	1
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table B.6 Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	2
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	0

Table B.7 Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	1	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

Note: *The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table B.8 Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table B.9 Applications transferred to other agencies

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

B.13 Public Interest Disclosures Act 1994 (PID Act)

We recognise the value and importance of employees raising concerns when they see something they believe is wrong, and our internal reporting policy encourages employees to do this. Our Public Interest Disclosures policy was developed in accordance with the requirements of the Public Interest Disclosures Act 1994. Our policy commits IPART and senior employees to handle these disclosures effectively and provide support to the employees making them. Staff are reminded of the policy annually through mandatory training on fraud and corruption. Staff have access to the policy and information on our intranet.

There were no public interest disclosures received during the 2022-23 financial year.

B.14 Consultants

During 2022-23, IPART engaged the following consultants for a total expenditure of \$1,440,465 inclusive of GST (work on some of these consultancies was still progressing at 30 June 2023). IPART has used the NSW Procurement Board's definition of 'consultant' for annual reporting purposes as described in the Procurement Board Direction *PBD-2019-01-Engagement of professional services suppliers*^h.

Table B.10 Consultancies over \$50,000 including GST in 2022-23

Consultants	Services provided	Cost \$
WS Atkins International Ltd	Expenditure review for 2023 Sydney Desalination Plant	\$444,051
Frontier Economics	Energy Market monitoring review	\$259,625
Fyusion Asia Pacific Pty Ltd	Facilitation and advisory service on corporate services co-design project	\$101,471
Centre for International Economics	Rate peg review methodology	\$88,000
Centre for International Economics	Assessment of Local Government contribution plans	\$88,000
Grosvenor Performance Group Pty Ltd	Independent evaluation of the Safeguard Administration program	\$82,225
Argyle Consulting Pty Ltd	Assessment of Local Government contribution plans	\$55,000
Cardinal Economics and Finance	Issues report on the method for setting the regulated rate of return	\$55,000
The University of Wollongong	Local Government labour cost changes methodologies	\$55,000
Step Two Designs Pty Ltd	Design work for IPART's intranet	\$54,450
Total		\$1,282,822

B.14.1 Consultancies less than \$50,000 including GST in 2022-23

IPART had six consultancy engagements costing less than \$50,000 each including GST. The total costs of these engagements amounted to \$157,643 including GST.

B.15 Other information

No external costs were incurred in the production of this Annual Report.

^h A consultant is defined as a person or organisation engaged under contract on a temporary basis to provide recommendations or professional advice to assist decision-making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors. Services provided under the NSW Government Legal Services Panel are excluded from the definition of 'consultant' for annual reporting purposes.

Appendix C >>

Human Resources



C

C.1 Senior Executives

IPART's executive employees are employed under contract as Public Service Senior Executives under the provisions of the *Government Sector Employment Act 2013*. No performance-related bonus was made to any Executive employees.

Executive remuneration represents 24.37% of the overall salaries-related expenses for 2022-23, compared to 26.65% in 2021-22.

Table C.1 Number of roles and gender breakdown at 30 June 2023

Band	2021-22		2022-23	
	Female	Male	Female	Male
Band 3 (Deputy Secretary)	1	0	0	1
Band 2 (Executive Director)	2	1	2	1
Band 1 (General Manager/Director)	11	6	13	7
Total	14	7	15	9

Note: only executives occupying a role – excludes secondments out /LWOP/Mat leave.

Table C.2 Average total remuneration package at 30 June 2023

Role	Range 2022-23	2021-22		2022-23	
		Female	Male	Female	Male
Band 3	\$361,301 - \$509,250	\$392,854	NA	NA	\$376,624
Band 2	\$287,201 - \$361,300	\$314,110	\$314,109	\$329,448	\$329,448
Band 1	\$201,350 - \$287,200	\$237,618	\$235,062	\$242,329	\$240,017

C.2 Tribunal member remuneration

Table C.3 Average remuneration as at 30 June 2023

Role	2022-23 ⁱ
Tribunal Chair	\$316,165
Tribunal Members	\$168,734

ⁱ Premier's Memorandum M2012-18 Classification and Remuneration Framework for New South Wales Government Boards and Committees.

C.3 Staff

Table C.4 Employee including Tribunal and Chair profile by employment category, by headcount as at 30 June 2023

	2020	2021	2022	2023
Chief Executive	1	1	1	1
Executive Directors & General Managers	4	3	2	2
Director Corporate Services	1	1	1	1
Directors	16	14	14	15
Managers	6	6	7	9
Analysts	73	74	77	84
Graduate Analysts	1	6	8	10
General Counsel	1	1	1	1
Director, Legal & Special Counsel	4	4	3	4
Legal Officers	3	5	6	4
Support Officers	15	16	18	19
Supernumeraries	0	0	0	0
Casual Employees	0	0	0	1
Temporary Employees	0	4	6	7
Total number of employees includes full time, part-time, temporary and graduates	125	134	143	158
Chair	1	1	1	1
Tribunal Members	2	1	2	2
Total number of Employees including members	128	136	146	161

C.4 Industrial Relations

IPART employees are employed under the provisions of the *Government Sector Employment Act 2013* (GSE Act). The GSE Act along with associated rules and regulations, the *Crown Employees (Independent Pricing and Regulatory Tribunal) Award 2019* and the *Crown Employees (Public Service Conditions of Employment) Award 2009* set the salaries and working conditions for employees.

There were no significant Industrial disputes or changes to IPART's Award. Proposed changes to the Award to alter working hours to provide greater flexibility were initially rejected by the Public Service Association with a preference for these to be negotiated and agreed through the development of a Local Working Arrangement under Clause 10 of the *Crown Employees (Public Service Conditions of Employment) Award 2009*. The drafting of the proposed agreement commenced towards the end of the reporting period.

The Award covering IPART employees was varied to increase salaries and salary-based allowances by 2.53%, effective 1 July 2022. This was in addition to the 0.5% increase to the rate of compulsory superannuation that came into effect on the same date.

The Statutory and Other Offices Remuneration Tribunal (SOORT) determined to increase Public Service Senior Executive remuneration by 2.0% with effect 1 July 2022. This included the 0.5% increase to the rate of compulsory superannuation that came into effect the same date.

C.5 Diversity and inclusion

Table C.5 Trends in the representation of Workforce Diversity groups as at 30 June 2023

Workforce Diversity Group	Benchmark	2020	2021	2022	2023
Women	50%	60.6%	59.2%	61%	65.2%
Aboriginal and/or Torres Strait Islander People	3.3%	0.8%	2.6%	0.7%	1.9%
People whose First Language Spoken as a Child was not English	23.2%	15.7%	26.4%	18.5%	23.5%
People with Disability	5.6%	0.0%	1.9%	2.1%	3.1%
People with Disability Requiring Work-Related Adjustment	N/A	0.0%	0.0%	1.4%	1.6%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Table C.6 Trends in the distribution of Workforce Diversity groups

Workforce Diversity Group	Benchmark/Target	2020	2021	2022	2023
Women	100	100	103	105	100
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	97	94	95	90
People with a Disability	100	N/A	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A		N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Source: NSW IPART 2022-23 Workforce Profile – Workforce Diversity Report

C.6 Investigations by the regulator under Part 10 of the WH&S Act 2011

No investigations were carried out under Part 10 of the *Work Health and Safety Act 2011*.

Appendix D »

Financial management

D

D.1 Supplier Payment Performance

Table D.1 Aged analysis at the end of each quarter

Quarter	Current	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue	Total
All suppliers						
Sep-22	249	2	2	-	-	253
Dec-22	180	5	-	1	-	186
Mar-23	142	19	1	-	-	162
Jun-23	253	4	3	-	-	260

Table D.2 Accounts due or paid within each quarter

Measure	September 2022	December 2022	March 2023	June 2023
All suppliers				
Invoices due for payment (#)	253	186	162	260
Invoices paid on time (#)	249	180	142	253
Actual percentage of accounts paid on time (based on number of accounts)	98%	97%	88%	97%
Amount due for payment (\$)	\$5,356,953	\$6,734,392	\$4,259,917	\$5,872,780
Amount paid on time (\$)	\$5,313,873	\$6,672,389	\$3,840,853	\$5,853,961
Actual percentage of accounts paid on time (based on \$)	95%	99%	89%	96%
Number of payments for the interest on overdue account	-	-	-	-
Interest paid on late accounts (\$)	-	-	-	-

Note: The report does not include payments made to employees, payments related to payroll and superannuation. IPART is excluded from the Faster Payment Policy and endeavours to pay all suppliers within 30 calendar days. All numbers are reported based on receipt date of a correctly rendered invoice into the system.

D.2 Financial Statements



INDEPENDENT AUDITOR'S REPORT

Independent Pricing and Regulatory Tribunal

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Independent Pricing and Regulatory Tribunal (the Tribunal), which comprises the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Tribunal's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Tribunal in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Other Information

The Tribunal's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Tribunal is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the annual report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Tribunal's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Tribunal carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Weini Liao
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY

Independent Pricing and Regulatory Tribunal
and its Consolidated Entity

Financial Statements
for the year ended 30 June 2023

Independent Pricing and Regulatory Tribunal and its Consolidated Entity Statement by the Accountable Authority

for the year ended 30 June 2023

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state

- a. these financial statements have been prepared in accordance with:
 - Australian Accounting Standards (which include Australian Accounting interpretations);
 - applicable requirements of the Act, the *Government Sector Finance Regulation 2018*; and
 - Treasurer's directions issued under the Act.
- b. these financial statements present fairly the Independent Pricing and Regulatory Tribunal and its Consolidated Entity's financial position as at 30 June 2023 and the financial performance and cash flows for the year then ended.

X 

Andrew Nicholls PSM

Chief Executive Officer

Signed by: andrew.nicholls@ipart.nsw.gov.au

17 October 2023

**Independent Pricing and Regulatory Tribunal
Statement of Comprehensive Income
for the year ended 30 June 2023**

	Notes	Consolidated		IPART		
		Budget	Actual	Actual	Actual	Actual
		2023	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations						
Expenses excluding losses						
Employee-related expenses	2(a)	29,946	26,506	21,871	-	-
Personnel services		-	-	-	25,670	22,154
Operating expenses	2(b)	10,667	11,316	9,679	11,316	9,679
Depreciation and amortisation	2(c)	473	347	434	347	434
Total expenses excluding losses		41,086	38,169	31,984	37,333	32,267
Revenue						
Appropriations	3(a)	38,485	36,242	28,884	36,242	28,884
Sale of goods and services	3(b)	1,211	1,286	2,292	1,286	2,292
Grants and other contributions	3(c)	779	899	1,398	899	1,398
Acceptance by the Crown of employee benefits and other liabilities	3(d)	319	836	(283)	-	-
Other income	3(e)	-	166	-	166	-
Total revenue		40,794	39,429	32,291	38,593	32,574
Operating result		(292)	1,260	307	1,260	307
Gains / (losses) on disposal	4	-	-	-	-	-
Net result		(292)	1,260	307	1,260	307
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
Total comprehensive income		(292)	1,260	307	1,260	307

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal
Statement of Financial Position
as at 30 June 2023**

	Notes	Consolidated		IPART		
		Budget	Actual	Actual	Actual	Actual
		2023	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents	6	2,835	7,360	4,068	7,269	3,980
Receivables	7	875	418	1,182	322	1,144
Total current assets		3,710	7,778	5,250	7,591	5,124
Non-current assets						
Plant and equipment	8	225	242	219	242	219
Intangible assets	9	283	281	541	281	541
Total non-current assets		508	523	760	523	760
Total assets		4,218	8,301	6,010	8,114	5,884
Liabilities						
Current liabilities						
Payables	10	1,064	2,446	1,827	2,259	1,701
Provisions	11	2,575	3,217	2,821	3,286	2,874
Total current liabilities		3,639	5,663	4,648	5,545	4,575
Non-current liabilities						
Provisions	11	54	69	53	-	-
Total non-current liabilities		54	69	53	-	-
Total liabilities		3,693	5,732	4,701	5,545	4,575
Net assets		525	2,569	1,309	2,569	1,309
Equity						
Accumulated funds	12	525	2,569	1,309	2,569	1,309
Total equity		525	2,569	1,309	2,569	1,309

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal
Statement of Changes in Equity
for the year ended 30 June 2023**

Consolidated / IPART	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2022	1,309	1,309
Net result for the year	1,260	1,260
Total other comprehensive income	-	-
Total comprehensive income for the year	1,260	1,260
Balance at 30 June 2023	2,569	2,569

Consolidated / IPART	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2021	1,002	1,002
Net result for the year	307	307
Total other comprehensive income	-	-
Total comprehensive income for the year	307	307
Balance at 30 June 2022	1,309	1,309

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal
Statement of Cash Flows
for the year ended 30 June 2023**

	Notes	Consolidated		IPART		
		Budget 2023 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Cash Flows From Operating Activities						
Payments						
Employee related		(29,626)	(25,070)	(22,294)	-	-
Personnel services		-	-	-	(25,070)	(22,294)
Finance costs		-	-	-	-	-
Other		(10,668)	(12,019)	(11,034)	(12,080)	(11,158)
Total Payments		(40,294)	(37,089)	(33,328)	(37,150)	(33,452)
Receipts						
Appropriations (excluding equity appropriations)		38,485	36,242	28,884	36,242	28,884
Sale of goods and services		1,211	2,639	3,299	2,697	3,331
Grants and other contributions		779	1,451	1,277	1,451	1,277
Other		-	159	-	159	-
Total Receipts		40,475	40,491	33,460	40,549	33,492
Net cash from operating activities	16	181	3,402	132	3,399	40
Cash Flows From Investing Activities						
Purchases of plant and equipment		(180)	(110)	(148)	(110)	(148)
Net cash used in investing activities		(180)	(110)	(148)	(110)	(148)
Cash Flows From Financing Activities						
Net cash used in financing activities		262	-	-	-	-
Net increase / (decrease) in cash and cash equivalents		263	3,292	(16)	3,289	(108)
Opening cash and cash equivalents		2,572	4,068	4,084	3,980	4,088
Closing cash and cash equivalents	6	2,835	7,360	4,068	7,269	3,980

The accompanying notes form part of these financial statements.

1 Statement of Significant Accounting Policies

a. Reporting entity

The Independent Pricing and Regulatory Tribunal (IPART) is a NSW government independent statutory entity and is controlled by the State of New South Wales, which is the ultimate parent. IPART is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

IPART strives to make the people of NSW better off through decisions and advice independently of government. IPART is the independent pricing regulator for water, public transport, local government, as well as the licence administrator of water, electricity and gas and the scheme administrator and regulator for the Energy Savings Scheme. IPART reviews and investigates a wide range of economic and policy issues and although a government agency, makes decisions independently of Government in line with the *Independent Pricing and Regulatory Tribunal Act 1992*.

IPART is domiciled in Australia and its principal office is at Level 16, 2-24 Rawson Place, Sydney 2000.

IPART as a reporting entity, includes its control entity, the Independent Pricing and Regulatory Tribunal Staff Agency (Staff Agency). The Staff Agency is a public service agency established under the *Administrative Arrangements Order 2014* and is pursuant to Part 3 of Schedule 1 of the *Government Sector Employment Act 2013*. All employee provisions are held within the Staff Agency and are shown in the consolidated section of these statements.

In the process of preparing the consolidated financial statement for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These financial statements for the year ended 30 June 2023 have been authorised for issue by the Chief Executive Officer on 17 October 2023.

b. Basis of preparation

IPART's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and *Government Sector Finance Regulation 2018* (GSF regulation) and
- Treasurer's Directions issued under the GSF Act.

Plant and equipment, and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency, which is IPART's presentation and functional currency.

1. Statement of Significant Accounting Policies (cont'd)

c. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards including Australian Accounting Interpretations.

d. Administered activities

IPART administers but does not control certain activities on behalf of the Crown in right of the State of New South Wales (Crown). It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of IPART's own objectives.

Transactions and balances relating to the administered activities are not recognised as IPART's income, expenses, assets and liabilities, but are disclosed in Note 17 as "Administered Assets and Liabilities".

The accrual basis of accounting and all applicable accounting standards have been adopted.

e. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except for the following:

- the GST amount incurred by IPART as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense, and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f. Comparative information

Comparative information is presented in respect of the previous period for all amounts reported in the financial statements, except when an Australian Accounting Standard permits or requires otherwise.

g. Changes in account policies, including new or revised Australian Accounting Standards

i Effective for the first time in 2022-23

The accounting policies applied in 2022-23 are consistent with those of the previous financial year.

Several other amendments and interpretations apply for the first time in 2022-23, but do not have an impact on the financial statements of IPART:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and other Amendments*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- *AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- *AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

1. Statement of Significant Accounting Policies (cont'd)

ii Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory as at 30 June 2023 reporting period.

The following new Australian Accounting Standards have been issued but are not yet effective:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- *AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These Standards will not have a material impact on the financial statements based on its current operations.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2023**

2 Expenses Excluding Losses

a. Employee related expenses

	Consolidated		IPART	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Salaries and wages (including annual leave)	22,510	19,678	-	-
Superannuation - defined benefit plans	31	-	-	-
Superannuation - defined contribution plans	1,624	1,441	-	-
Long service leave	805	(284)	-	-
Workers' compensation insurance	102	89	-	-
Payroll tax and fringe benefit tax	1,214	994	-	-
On costs - annual leave and long service leave	220	(47)	-	-
	26,506	21,871	-	-

No employee related costs have been capitalised and excluded from the above for 2022-23 and prior financial year.

b. Operating expenses include the following:

	Consolidated		IPART	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Advertising	10	20	10	20
Auditor's remuneration - audit of the financial statements	53	54	53	54
Board and committee fees	377	361	377	361
Corporate services fees	348	359	348	359
Consultants	1,599	1,480	1,599	1,480
Contractors	415	56	415	56
Information technology	4,858	3,953	4,858	3,953
Information resources and media	136	74	136	74
Internal audit fees	72	48	72	48
Insurance	33	32	33	32
Legal fees	171	292	171	292
Professional fees	1,298	1,332	1,298	1,332
Rental payments	1,073	1,035	1,073	1,035
Training (staff development)	403	378	403	378
Travel	79	8	79	8
Other operating expenses	391	197	391	197
	11,316	9,679	11,316	9,679

No maintenance expenses were incurred for 2022-23 and prior financial year.

Recognition and Measurement

Insurance

IPART's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for Government entities. The expense (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (icare), a controlled entity of the ultimate parent.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2023**

2. Expenses Excluding Losses (cont'd)

c. Depreciation and amortisation expense

	Consolidated		IPART	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Depreciation				
Plant and Equipment	87	174	87	174
Total Depreciation	87	174	87	174
Amortisation				
Intangibles	260	260	260	260
Total Amortisation	260	260	260	260
Total Depreciation and Amortisation	347	434	347	434

Refer to Notes 8 and 9 for recognition and measurement policies on depreciation and amortisation.

3 Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities*, depending on whether there is a contract with a customer defined by *AASB 15*. Comments regarding the accounting policies for the recognition of income are discussed below.

a. Appropriations and Transfers to the Crown

Summary of Compliance at responsible Minister level

	Consolidated / IPART	
	2023 \$'000	2022 \$'000
Amount appropriated per <i>Appropriation Act</i>	38,485	32,365
Variation made to the appropriation during the financial year:		
Changes in wages awards and conditions per Section 34 of <i>Appropriation Act</i>	-	227
Total spending authority from parliamentary appropriations, other than deemed appropriations	38,485	32,592
Add:		
Spending authority from deemed appropriations during the current year	4,249	4,576
Unutilised spending authority from deemed appropriations in prior years	5,085	1,393
Total spending authority	47,819	38,561
Less: total expenditure out of Consolidated Fund	(37,199)	(33,476)
Variance		
Less: Spending authority from appropriations lapsed at 30 June	(1,286)	-
Deemed appropriations balance carried forward to following years	9,334	5,085

3. Revenue (cont'd)

Parliamentary appropriations other than deemed appropriations

The *Appropriation Act 2022* (Appropriation Act) and subsequent variation appropriate the sum of \$38,428K to the Minister for Customer Service out of the Consolidated Fund for the services of IPART for the year 2022-23.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the GSF Act. These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for IPART, being the Minister for Customer Service is taken to have been given an appropriation out of the Consolidated Fund under the authority of section 4.7 of the GSF Act, at the time IPART receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by IPART. These deemed appropriations are taken to have been given for the services of IPART.

In addition, government money that IPART receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulation that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations.

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulation in line with the above deemed appropriation amendments to the GSF Act.

The comparative figures for prior year 2021-22 in IPART's Summary of Compliance table have been restated taking into account an assessment of 2020-21 to arrive at the deemed appropriations balance as at 1 July 2021.

The spending authority of the Minister for Customer Service for the services of IPART, from the Appropriations Act and deemed appropriation money, has been delegated/sub-delegated to officers of IPART.

The summary of compliance has been prepared by aggregating the spending authorities for the services of IPART. It reflects the status at the point in time this disclosure statement is being made.

IPART receives its funding under appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. The State Budget and related 2023-24 Appropriation Bill has been delayed until September 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from the Consolidated Fund. This authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2023-24 Appropriation Act.

b. Sale of goods and services from contracts with customers

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Rendering of services	1,286	2,292	1,286	2,292
	1,286	2,292	1,286	2,292

Recognition and Measurement

Rendering of services

Revenue from rendering of services is recognised when IPART satisfies its performance obligation by transferring the promised services.

IPART satisfies its performance obligations when a review is completed and final report issued according to the Terms of Reference obligations. The payments are due when the service is provided in line with the Terms of Reference.

Revenue is measured at the transaction price agreed under the Terms of Reference.

No element of financing is deemed present as payments are due when the service is provided.

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3. Revenue (cont'd)

c. Grants and contributions

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Grants	899	1,398	899	1,398
	899	1,398	899	1,398

Recognition and Measurement

Revenue from grants with sufficiently specific performance obligations is recognised when IPART satisfies a performance obligation by providing the promised services. The payments are due when service is provided.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations is recognised when IPART obtains control over the granted assets (e.g. cash).

d. Acceptance by the Crown of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown or other government entities:

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Superannuation – defined benefit	31	1	-	-
Long service leave provision	805	(284)	-	-
Payroll tax	-	-	-	-
	836	(283)	-	-

e. Other income

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Recoupment of salaries and on-costs from staff secondments	73	-	73	-
Other	93	-	93	-
	166	-	166	-

4 Gains / (Losses) on Disposal

Plant and equipment disposed during 2022-23 and prior financial year had reached the end of their useful lives with nil written down value. No proceeds were received and no gains / (losses) arose from the disposal of these assets.

5 State outcome group statements for the year ended 30 June 2023

IPART operates under a single service group.

State Outcome Group Descriptions

State Outcome Group - Fair and Compliant Business

Purpose:

IPART makes the people of NSW better off through independent decisions and advice. IPART is the independent pricing regulator for water, public transport, local government, as well as the licence administrator of water, electricity and gas and the scheme administrator and regulator for the Energy Savings Scheme. IPART reviews and investigates a wide range of economic and policy issues, and although a government agency, makes decisions independently of the Government.

6 Current Assets - Cash and Cash Equivalents

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	7,360	4,068	7,269	3,980
	7,360	4,068	7,269	3,980

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statements of Cash Flows as follows:

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	7,360	4,068	7,269	3,980
Closing cash and cash equivalents (per Statement of Cash Flows)	7,360	4,068	7,269	3,980

Refer Note 18 for details regarding credit risk and market risk arising from financial instruments.

7 Current Assets - Receivables

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Other receivables	186	816	90	778
Goods and Services Tax (GST)	232	366	232	366
	418	1,182	322	1,144

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 18.

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

IPART holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

IPART recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, IPART applies a simplified approach in calculating ECLs. IPART recognises a loss allowance based on lifetime ECLs at each reporting date. IPART has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

No provision for doubtful debts is required.

8 Plant and Equipment

Consolidated / IPART	\$'000
At 1st July 2021 - fair value	
Gross carrying amount	909
Accumulated depreciation	(664)
Net carrying amount	245
Year ended 30 June 2022	
Net carrying amount at beginning of year	245
Additions	148
Disposals	-
Depreciation expense	(174)
Net carrying amount at end of year	219
At 30 June 2022 - fair value	
Gross carrying amount	1,057
Accumulated depreciation	(838)
Net carrying amount	219
Year ended 30 June 2023	
Net carrying amount at beginning of year	219
Additions	110
Disposals	-
Depreciation expense	(87)
Net carrying amount at end of year	242
At 30 June 2023 - fair value	
Gross carrying amount	1,167
Accumulated depreciation	(925)
Net carrying amount	242

Recognition and Measurement

Acquisition of plant and equipment

Plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

8. Plant and Equipment (cont'd)

Capitalisation thresholds

Plant and equipment costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after it is used is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation of plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis with the depreciable amount of each asset written off as it is consumed over its useful life to IPART.

All material identifiable components of assets are depreciated separately over their useful lives.

Category of Assets

	Depreciation Rates (%)	
	2023	2022
Plant and equipment		
Office furniture and fittings	10	10
Computer equipment and hardware	25 - 33	25 - 33
General plant and equipment	20	20

Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP21-09) and Treasurer's Direction 'Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). TPP21-09 and TD21-05 adopt fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates to fair value. IPART has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

IPART assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, IPART estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the surplus for the class of asset.

9 Intangible Assets

Consolidated / IPART	Software \$'000
At 1st July 2021 - fair value	
Cost (gross carrying amount)	1,075
Accumulated amortisation and impairment	(274)
Net carrying amount	801
Year ended 30 June 2022	
Net carrying amount at beginning of year	801
Addition	-
Amortisation	(260)
Net carrying amount at end of year	541
At 30 June 2022 - fair value	
Cost (gross carrying amount)	1,075
Accumulated amortisation and impairment	(534)
Net carrying amount	541
Year ended 30 June 2023	
Net carrying amount at beginning of year	541
Addition	-
Amortisation	(260)
Net carrying amount at end of year	281
At 30 June 2023 - fair value	
Cost (gross carrying amount)	1,075
Accumulated amortisation and impairment	(794)
Net carrying amount	281

Recognition and Measurement

IPART recognises intangible assets only if it is probable that future economic benefits will flow to IPART, the cost of the asset can be measured reliably, and costs more than \$50,000. Intangible assets are measured initially at cost. Where an asset is acquired at nominal or nil cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for IPART's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be finite.

IPART's computer software is amortised using the straight-line method over a period of four years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the reduction is recognised as an impairment loss.

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10 Current Liabilities - Payables

	Consolidated		IPART	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Accrued salaries, wages and on-costs	463	342	-	-
Creditors	1,983	1,485	1,796	1,359
Personnel services	-	-	463	342
	2,446	1,827	2,259	1,701

Details regarding liquidity risk including a maturity analysis of the above payables, are disclosed in Note 18.

Recognition and Measurement

Payables represent liabilities for goods and services provided to IPART. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

11 Current / Non-Current Liabilities - Provisions

	Consolidated		IPART	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	2,278	2,034	-	-
Long service leave	453	348	-	-
Banked flex leave	131	153	-	-
Payroll tax	355	286	-	-
Personnel services	-	-	3,286	2,874
Total current provisions	3,217	2,821	3,286	2,874
Non-current				
Employee benefits and related on-costs				
Long service leave	69	53	-	-
Total Provisions	3,286	2,874	3,286	2,874
Aggregate employee benefits and related on-costs				
Provisions - current	3,217	2,821	-	-
Provisions - non-current	69	53	-	-
Accrued salaries, wages and on-costs (Note 10)	463	342	-	-
	3,749	3,216	-	-

Movements in provisions (other than employee benefits)

IPART had no other provision during the financial year, therefore there is no movement to report.

11. Current / Non-Current Liabilities - Provisions (cont'd)

Current provisions are expected to be settled as follows:

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Employee benefits expected to be settled within 12 months from the reporting date				
Annual leave	1,822	1,627	-	-
Employee benefits expected to be settled in more than 12 months from the reporting date				
Annual leave	456	407	-	-

Recognition and Measurement

Employee benefits and related on-costs

Salaries and wages, banked flex leave, sick leave and annual leave

Salaries and wages (including non-monetary benefits), paid sick leave and banked flex leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits. Banked flex leave is payable on termination of employment in accordance with the Crown Employees (Independent Pricing and Regulatory Tribunal) Award 2022.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. IPART has assessed the actuarial advice based on IPART's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where IPART does not expect to settle the liability within 12 months as it does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

IPART's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. IPART accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

11. Current / Non-Current Liabilities - Provisions (cont'd)

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

12 Equity

Recognition and Measurement

Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

13 Commitments

IPART has no capital commitment.

14 Contingent Liabilities and Contingent Assets

IPART is not aware of any contingent liabilities and contingent assets associated with its operations as at 30 June 2023. (This was also nil at 30 June 2022.)

15 Budget Review

The budgeted amounts for Consolidated entity are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net Result

The actual net result for the year was \$1.260 million. It was favourable to budget by \$1.552 million.

Total expenses were lower than budget by \$2.917 million. This decrease in expenses was mainly due to delay and resource constraint beyond IPART's control on 2 separate policy implementations, being the Renewable Fuel Scheme (RFS) and the Peak Demand Reduction Scheme (PDRS). IPART plans to progress the necessary completion of the remaining PDRS elements and continuation and implementation of the RFS in 2023-24.

Total revenue was lower than budget by \$1.365 million. This was mainly due to \$2.243 million lower appropriations drawn down from Treasury as a result of delays with the RFS and PDRS. The reduction in appropriations was partially offset by \$361K higher revenue from services provided by IPART.

Assets and liabilities

Total assets were \$8.301 million and were higher than budget by \$4.083 million. This was mainly due to a \$4.525 million increase in cash and cash equivalents, partially offset by a \$457K decrease in receivables.

Total liabilities were \$5.732 million and were higher than budget by \$2.039 million due to an increase in payables and provisions.

Cash flows

Net cash from operating activities were \$3.402 million and were higher than budget by \$3.221 million mainly due to a \$3.205 million decrease in payments.

Net cash used in investing activities were \$110K outgoing and were lower than budget by \$70K due to capital budget not fully used.

16 Reconciliation of Cash Flows from Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income is as follows:

	Consolidated		IPART	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Net cash from operating activities	3,402	132	3,399	40
Depreciation and amortisation expense	(347)	(434)	(347)	(434)
Decrease / (increase) in provisions	(412)	(74)	(412)	(74)
Increase / (decrease) in receivables and prepayments	(764)	107	(822)	75
Decrease / (increase) in creditors	(619)	576	(558)	700
Net result	1,260	307	1,260	307

17 Administered Assets and Liabilities

Consolidated / Tribunal	2023	2022
	\$'000	\$'000
Administered Assets		
Cash	1,525	1,189
Receivables	260	608
Total Administered Assets	1,785	1,797
Administered Liabilities		
Energy and Water License fees payable to the Crown	1,785	1,797
Total Administered Liabilities	1,785	1,797

Cash and Receivables balances relate to the transactions of the Energy Savings Scheme, operating licence for public water utilities and compliance for alternative water utilities in NSW.

The licence fees paid to the Crown during the financial year were \$8,968K (2022 \$6,760K).

18 Financial Instruments

IPART's principal financial instruments are cash, short term receivables and payables. These instruments expose IPART primarily to credit risk on short term receivables. IPART does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management, and reviews and agrees policies for managing each of these risks. Compliance with policies is reviewed by the internal auditors on a continuous basis.

a. Financial instrument categories

Consolidated			Carrying Amount	
Class	Notes	Category	2023	2022
			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	6	Amortised cost	7,360	4,068
Receivables ¹	7	Amortised cost	186	816
Financial Liabilities				
Payables ²	10	Financial liabilities measured at amortised cost	2,446	1,827

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

IPART			Carrying Amount	
Class	Notes	Category	2023	2022
			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	6	Amortised cost	7,269	3,980
Receivables ¹	7	Amortised cost	90	778
Financial Liabilities				
Payables ²	10	Financial liabilities measured at amortised cost	2,259	1,701

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

IPART determines the classification of its financial assets and liabilities after initial recognition, and when allowed and appropriate, re-evaluates this at each financial year end.

b. Derecognition of financial assets and financial liabilities

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- IPART has transferred substantially all the risks and rewards of the assets; or
- IPART has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

18. Financial Instruments (cont'd)

When IPART has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where IPART has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of IPART's continuing involvement in the asset. In that case, IPART also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that IPART has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that IPART could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

c. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d. Financial risks

i Credit Risk

Credit risk arises when there is the possibility of IPART's debtors defaulting on their contractual obligations, resulting in a financial loss to IPART. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from the financial assets of IPART including cash and receivables. No collateral is held and financial guarantees granted by IPART.

IPART considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, IPART may also consider a financial asset to be in default when internal or external information indicates that IPART is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by IPART.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts including letters of demand.

IPART applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

18. Financial Instruments (cont'd)

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery including amongst others, a failure to make contractual payments for a period of greater than 180 days past due.

The loss allowance for trade debtors as at 30 June 2023 and 30 June 2022 was nil.

	30 June 2023					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	-	-	-	-	-	-
Estimated total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

	30 June 2022					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	-	-	-	-	-	-
Estimated total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the receivables total in Note 7.

IPART is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2023 and 2022. Most of IPART's debtors have a AAA credit rating.

ii Liquidity risk

Liquidity risk is the risk that IPART will be unable to meet its payment obligations when they fall due. IPART continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash and investments.

IPART had no borrowings during the current and prior year. IPART's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

18. Financial Instruments (cont'd)

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in *Treasurer's Direction NSW TC11/12*. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, IPART may automatically pay the supplier simple interest. The rate of interest applied during the year was nil (2022 – nil).

The table below summarises the maturity profile of IPART's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

Consolidated	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹ \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2023					
Payables²					
Accrued salaries, wages and on-costs	463	463	463	-	-
Creditors	1,983	1,983	1,983	-	-
	2,446	2,446	2,446	-	-
2022					
Payables²					
Accrued salaries, wages and on-costs	342	342	342	-	-
Creditors	1,485	1,485	1,485	-	-
	1,827	1,827	1,827	-	-
IPART	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹ \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2023					
Payables²					
Personnel services and on-costs	463	463	463	-	-
Creditors	1,796	1,796	1,796	-	-
	2,259	2,259	2,259	-	-
2022					
Payables²					
Personnel services and on-costs	342	342	342	-	-
Creditors	1,359	1,359	1,359	-	-
Creditors	1,701	1,701	1,701	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Tribunal can be required to pay. These amounts include both interest and principal cash flows and therefore will not reconcile to the amounts disclosed in the statement of financial position.
- The amounts disclosed here exclude statutory payables and unearned revenue (not within scope of AASB 7).

18. Financial Instruments (cont'd)

iii Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. IPART has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which IPART operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2022. The analysis assumes that all other variables remain constant.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the IPART's interest bearing liabilities. IPART does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

- Other price risk

IPART has no exposure to other price risk.

e. Fair Value Measurement

i Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments.

19 Related Party Disclosures

IPART's key management personnel include the Chair and the Chief Executive Officer. They have authority and are responsible for planning, directing and controlling the activities of IPART, directly or indirectly.

IPART's key management personnel compensation are as follows:

Consolidated / IPART	2023 \$'000	2022 \$'000
Salaries and other short-term employee benefits	705	722
Long-term employee benefits	68	13
Total remuneration	773	735

During the year, IPART did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balances as at and for the year ending 30 June 2023 are nil.

During the year, IPART entered into transactions with other entities that are controlled/ jointly controlled / significantly influenced by the NSW government. These transactions included:

- Defined Benefit Superannuation and long service leave assumed by the Crown (refer Note 3d)
- Appropriations from the Crown (as disclosed on Statement of Comprehensive Income)
- Payments to the Treasury Managed Fund for workers' compensation insurance and other insurances (refer Note 2)
- Payments to Department of Customer Service for accommodation and corporate service fees (refer Note 2)
- Grant funding from the Office of Energy and Climate Change (refer Note 3c)

20 Events after the Reporting Period

The *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 3) 2023*, effective 3 May 2023, transferred the administration of the *Independent Pricing and Regulatory Tribunal Act 1992* from the Minister for Customer Service to the Premier. On 1 July 2023, The Cabinet Office was established under the *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 4) 2023*. IPART is shown as an independent agency under The Cabinet Office portfolio in the NSW Government's Governance Arrangements Chart, effective 1 July 2023.

As a statutory authority, IPART remains independent. Therefore, there were no impacts on IPART's financial statements for 2022-23 from the afore-mentioned administrative and governance arrangements.

There are no other events subsequent to balance date which affect the financial statements.

End of audited financial statements.

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament.

Further information on IPART can be obtained from [IPART's website](#).

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