



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Annual Report

October 2024

Acknowledgment of Country

IPART acknowledges the Traditional Owners of the lands where we work and live. Our office is located on Gadigal land and our work touches on Aboriginal lands and waterways across NSW. We pay respect to their Elders both past and present.

We recognise Aboriginal peoples' unique cultural connections and relationships to land, water and Country, and celebrate the diversity and contributions of all First Nations peoples.

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Letter of submission

Our reference: 24/244

30 October 2024

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 2023-24

I am pleased to submit to you, for presentation to Parliament, the Independent Pricing and Regulatory Tribunal Annual Report for the year ending 30 June 2024. It has been prepared in accordance with Division 7.3 of the *Government Sector Finance Act 2018*.

Yours sincerely



Carmel Donnelly PSM
Chair

The Chair's foreword

I am pleased to introduce the IPART Annual Report for 2023-24.

Over the past year, IPART has remained focused on important issues affecting communities and organisations impacted by our recommendations and decisions.

In 2023-24 IPART continued to deliver legislated regulatory activities, including licensing, compliance and enforcement, pricing reviews and monitoring, as well as undertaking commissioned reviews and making recommendations to improve customer outcomes.



IPART has a key role in the changing energy market and transition to renewables. We undertook the first assessment of a transmission operator's licence application for a renewable energy zone, delivered the second NSW Electricity Infrastructure Roadmap annual report and administered and regulated the expanded Energy Savings Scheme and Peak Demand Reduction Scheme which achieved well above energy savings and peak demand reduction targets.

In the water sector, there is increasing demand for services to support growth in housing supply and service demand is a key consideration for IPART's work in water utility regulation. In 2023-24, IPART reviewed the Sydney Water and the WaterNSW operating licences, providing recommendations for new licences to the Minister for Water. IPART also prepared for upcoming water price reviews which will be a focus area in 2024-25.

Over recent years IPART has been entrusted with a broader range of responsibilities. This year, we worked on reviews into the Early Childhood Education and Care sector and efficient costs of out-of-home care for children and young people who cannot live with their family. IPART was also appointed as the Emergency Services Levy Insurance Monitor in readiness for the Government's intended transition from current Emergency Services Levy arrangements.

Our regulatory and review work is informed by open and transparent consultation with consumers and stakeholders. I would like to thank the many individuals and organisations who engaged with us for the time and effort put into providing us with feedback and insights. We consider every submission and everything said in public hearings and workshops.

The past year saw the departure of two well-respected, long-standing Tribunal members, Deborah Cope and Sandra Gamble. I would like to acknowledge and thank both Deborah and Sandra for their work on the Tribunal and their service to NSW. I also thank and acknowledge the contribution of Deputy Tribunal member Mike Smart who took on Tribunal member duties during this time. We welcomed new permanent member Jonathan Coppel to the Tribunal last year, and we will be joined in 2024-25 by new members Sharon Henrick, and Darryl Biggar.

I would like to thank the talented staff of the IPART Secretariat for their commitment and hard work, ably led by IPART CEO Andrew Nicholls and the IPART executive leadership team.

2024-25 will see IPART implementing an updated strategy to meet new challenges. I am confident we will continue to deliver value for the people of NSW in the year to come.

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

Carmel Donnelly
Chair

The Chief Executive Officer's Report

IPART has a proud history of delivering value for the people of NSW, and for being a trusted and independent advisor on complex challenges for Government and community.

As a result, IPART continues to grow with an increasing number of reviews and regulatory activities. While remaining a small and agile agency, this growth requires us to continually improve our capabilities and processes.



Our ability to deliver value to the community depends primarily on the capacity and capability of our people and so we aim to foster an environment where staff trust, inspire and support each other to perform at their best.

In 2023-24 IPART continued to deliver against our Strategic Workforce Plan which includes 31 actions aligned to focus areas across leadership, resilience, human-centred design, multi-disciplinary skills, innovation and enabling factors.

Of note this year was our focus on improving business management and planning, providing leadership training, and the release of IPART's Belonging and Inclusion Strategy. These initiatives have supported IPART's strong, values-driven culture where staff are engaged, inspired to make a difference, and treat each other with respect.

I am particularly heartened by the high percentage of IPART employees who said in the 2023 NSW Public Sector People Matter Employee Survey that they would recommend it as a great place to work. That said, there are still focus areas we are working on, like supporting our team with the risk of burnout at a time of growing work requirements.

Another focus this year is ongoing improvement in our engagement with stakeholders. Importantly we established an Aboriginal Engagement function with an increased focus on Aboriginal cultural capability development. We also increased the range of engagement tools we employ and increased external communications. Our goal is to reach new and broader audiences in ways which are most accessible and convenient to them.

Throughout 2023-24 we focused on identifying areas in which we can do more for our community with the IPART 'Enhancing our impact' 2024-27 Strategy launched at the end of the year. Our new strategy focusses on how we can deliver benefits to our communities in the years ahead.

This will include an ongoing focus on citizen-focused decision making, further strengthening our capability and culture, maintaining best practice governance and seeking avenues to make meaningful change. I look forward to seeing the results of our work in communities across the State in the years to come.

I continue to be inspired by the quality and impact of the work our staff delivers and the way in which they deliver it. I thank the team at IPART as well as our Tribunal members for another successful year.

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 Officer

Chapter 1 >>

Overview

01

About IPART

The Independent Pricing and Regulatory Tribunal (IPART) was established in 1992 under the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act) to provide the people of NSW and government with confidence that important services, markets and systems are functioning efficiently and effectively in the public interest.

This protection is essential because consumers often don't have a choice of service providers or there are other market failures present. In these instances, IPART protects consumers by implementing safeguards (e.g. price limits or licence conditions) to prevent unfair and unsafe behaviour (e.g. price gouging).





IPART provides the expertise to help Government align market operations with the public interest. We do this by:

- reviewing and advising on market and system arrangements to identify problems and recommend solutions
- monitoring and reporting on performance to maintain visibility and accountability and inform citizens
- managing regulatory regimes (e.g. licensing, compliance and pricing) to ensure appropriate controls are in place to monitor and enforce compliance
- managing market development schemes to support effective and efficient markets to deliver desired outcomes (e.g. Energy Security Safeguard Schemes).

Our purpose is to drive more effective, efficient, fair and sustainable systems and markets to benefit the people of NSW.

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.

 Integrity & Courage	 Respect & Inclusion	 Curiosity & Openness	 Making a difference
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 2023-24. These include:

- regulatory framework design
- licensing, compliance and enforcement for utilities and related markets
- end-to-end regulation of licensing, safety and market-based regimes
- setting maximum prices and revenues for monopoly services
- market and system design
- broad market or industry investigations, reviews and monitoring
- specific market-based policy and program development, monitoring and review
- expenditure review (planned or historical)
- performance auditing and monitoring
- competitive neutrality complaint investigation
- arbitration services.

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

Our organisation

IPART is a NSW government agency within the portfolio of the NSW Premier. Our legislation (IPART Act) requires that we operate largely independently of the government.

The Tribunal

The Tribunal is our statutory decision-making body. Its members are appointed by the portfolio minister in accordance with the IPART Act.

The Tribunal met 50 times in 2023-24.

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.



Jonathan Coppel – Tribunal Member
B.Ec (Hons), MIA, GAICD

Jonathan Coppel is an applied economist with over 30 years' experience, including a decade as Commissioner at the Australian Productivity Commission and international roles with the Organisation for Economic Cooperation and Development and the International Energy Agency. Jonathan brings knowledge and expertise in energy markets, regulatory practice and competition policy.

Jonathan was appointed as a permanent Tribunal member on 16 November 2023 for a term of five years to 15 November 2028.



Deborah Cope – Tribunal Member / Deputy
B Econ(Hons)

Deborah Cope served as a Tribunal member from February 2017 until her retirement in October 2023.

She was appointed on a temporary basis as Deputy Tribunal member to Jonathan Coppel, during a period of leave, from 10 June to 5 July 2024.



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

Sandra Gamble served as a Tribunal member from December 2019 until her resignation from this role in April 2024.



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

Mike Smart 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.

Two new Tribunal members were appointed on 1 July 2024, after the reporting year. These are:

- Sharon Henrick BA, Graduate Diploma (Applied Economics), LLB (Hons), Graduate Diploma (Legal Practice), who was appointed as a Tribunal member for a three-year term to 30 June 2027.
- Dr Darryl Biggar MA (Mathematics, Hons), PhD (Economics), who was appointed as a temporary Tribunal member for a term of two-years, to 30 June 2026.

Delegated powers

The Tribunal delegates some of its functions to committees and to the Secretariat to support timely and effective operations.

Appendix A provides additional detail on IPART's delegated powers.

The Secretariat

A Secretariat is employed by the Chair to assist the Tribunal and its delegated committees. The Secretariat provides research, policy development and analysis, legal and policy advice, licensing 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.

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. This year was the final year of delivery against the plan.

Our aspirations

The IPART Strategic Plan 2023 focused on four aspirations that define the areas we most want to make improvements in over the life of the plan. Our aspirations were:



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 was tracked through monthly priority reporting and quarterly performance reports. Remediation actions were put in place where required to ensure delivery of these priorities remained on track.

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

Key achievements

As this was the last year of delivery under the 2023 Strategic Plan, we focused on ensuring we had effectively embedded improvements made in previous years. As a part of this, we tracked and assessed a total of 52 strategic priority commitments made across IPART over the life of the plan.

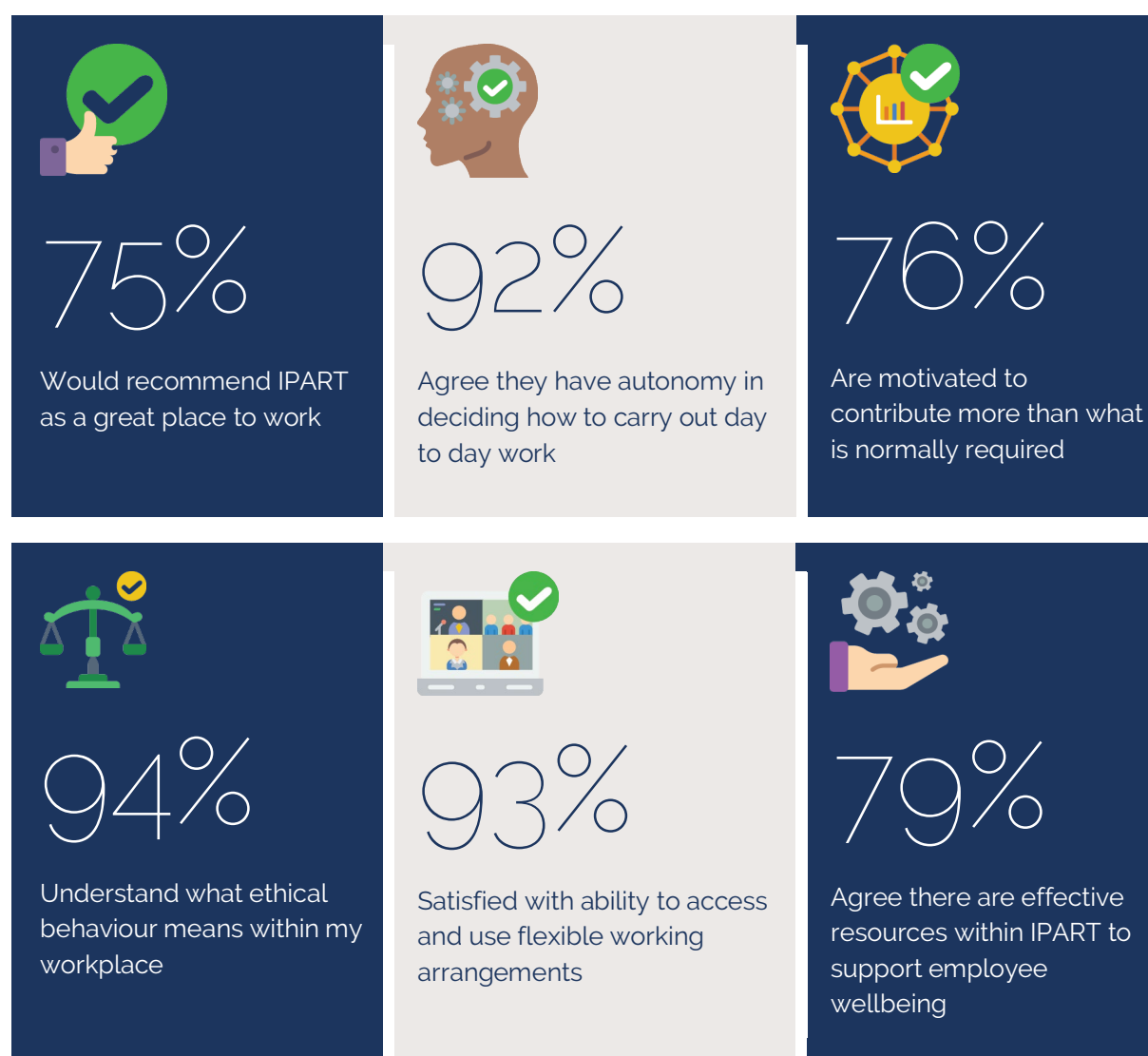
This assessment found that 82% of strategic actions had been implemented (in part or in full), with 56% of these successfully embedded within our new standard practices. Where actions were not yet embedded, there were ongoing steps underway to fully embed them into standard practice.

The remaining 18% of strategic actions had not been implemented. This was primarily due to circumstances requiring reprioritisation, including resource constraints and challenges during the early phase of the COVID pandemic, as well as work identifying that alternate delivery approaches were more appropriate. This was considered in the development of IPART's new Strategy with outstanding actions incorporated into the future directions where applicable.

Overall, IPART's culture and actions taken under the 2023 Strategic Plan have seen IPART continue to effectively progress each of our aspirations.

Our people

IPART aims to foster an environment where staff trust, inspire and support each other to perform at their best. IPART has a strong values-driven culture where staff are engaged, inspired to make a difference, and treat each other with respect. This is reflected in our strong results in the 2023 NSW Public Sector People Matter Employee Survey (PMES). We regularly review staff sentiment (from both PMES and internal pulse surveys), to inform actions which support continuous improvement in IPART so that it remains a great place to work.



IPART's Strategic Workforce Plan was launched in January 2022 and included 31 actions aligned to focus areas across leadership, resilience, human-centred design, multi-disciplinary skills, innovation and enabling factors. In 2023-24 IPART continued to deliver these actions with a focus on improving business management and planning as well as development and implementation of IPART's Belonging and Inclusion Strategy.

2023-24 highlights include:

- rollout of a new cascading business planning approach, integrated within the employee Performance & Development Plan approach
- annual IPART values awards and ongoing embedding of IPART's values in our business-as-usual (receiving 66 award nominations across all divisions)
- continued delivery of leadership training programs for managers and executives including participation in the Elevate and Leadership Academy programs (21 Graduates since the program commenced in 2023)
- increased focus on Aboriginal Cultural Capability development through the BlackCard training program. 96 staff registered across 4 sessions with 28 staff participating in a subsequent yarning circle
- all-staff diversity, inclusion and capability development activities, lunch and learn seminars and social events.

Engagement

IPART recognises that we need to effectively and fairly engage with the community to understand their needs and inform our work. Community and stakeholder engagement is an important mechanism to do this.

Our commitment is to continue to increase and improve the number, range and quality of our engagements with people in NSW and to recognise this as a valuable input. We are also committed to increasing public awareness of IPART and our work through a multi-channel communications approach which aims to reach a broader audience in a way which is accessible and convenient to them.

In 2023-24, IPART communications and engagement emphasised:

- an increased focus on broader reach, using social media and including a broader range of communication and engagement tools to build an engaged audience across multiple interests
- a continued commitment to open and transparent engagement, that included a deliberate effort to widely disseminate draft and final reports, reviews and determinations through our own channels and through mass media
- a recognition that areas of IPART's work affect some community groups more significantly than others, and that some of these social or geographic groups may require tailored methods to effectively engage
- a willingness to be responsive and flexible in our engagement to ensure we adapt our methods to meet community needs and provide an inclusive, participatory environment.

2023-24 highlights include:

- introducing explainer videos on the IPART website and social channels to make determinations and reviews more accessible to a wider audience
- Expanded use of feedback forms and short form surveys to simplify citizen engagement
- increased social media reach (183%) and social media interactions (560%), along with an increase in followers
- increase in 'engaged sessions' on IPART website (228%).



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 continues to implement strategies in line with our published statement and framework for tackling climate change.

This statement was published in 2021 to recognise that climate change is one of the most significant issues that will impact the lives of people in NSW and has far reaching impacts in the sectors we regulate. We continue our commitment to understand and reflect climate change risks when undertaking our work.

2023-24 highlights include:

- embedding climate change risk assessments into our standard business practices such as program and project scoping, and financial statement disclosures
- building staff capability by supporting staff members to complete the 'Climate Risk Ready' qualification
- utilising our developed climate change guidelines to support regulated sectors to adapt and understand how IPART will encourage solutions to mitigate or adapt to climate change. For example, including climate risk related obligations in the new WaterNSW and Sydney Water operating licences to improve transparency and accountability of climate risk management actions.
- establishing networks and key forums with other government agencies to adopt a consistent approach to climate change risk assessment and mitigation
- expansion of programs supporting the energy transition and net zero targets through the Energy Security Safeguard schemes and Energy Roadmap (see Chapter 3 for details on these functions).

Consumers

IPART aims to empower and protect consumers through our work. We recognise that we can make decisions that give consumers more control and that we have levers which can protect consumers when needed. It is critical for us to understand and listen to the people of NSW and incorporate 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 and reflect their interests within our work
- incorporating requirements and incentives for regulated entities to innovate and respond to their customers' needs and preferences.

2023-24 highlights include:

- Development of an inclusive regulation and engagement statement of intent with related tools and resources to support our engagement approaches.
- Innovation of layered engagement approaches to simplify and broaden citizen input to IPART's reviews. For example, in completing the Review of Early Childhood Education and Care in 2023, IPART employed several engagement techniques to gain citizen and service provider input. This included working with 4 Outside of School Hours Care service providers who facilitated engagement directly with children in their services as well as visiting approximately 11 Aboriginal Community Controlled Organisation operated services and hosting yarning circles with staff. This was done alongside IPART's more traditional engagement approaches where we received over 70 submissions and 1,450 survey responses across the process.
- Mandating that Energy Security Safeguard Scheme Accredited Certificate Providers must provide fact sheets to residential and business customers to help them make informed choices about product installation and to advise the pathways for complaints.
- Ongoing implementation of the new water regulatory framework (launched in November 2022) has seen IPART provide guidance to the water businesses we regulate on the 3C's framework: customer value, cost efficiency and credibility, as the water businesses prepare their price proposals (5 of which are due in September 2024). The 3Cs water regulatory framework promotes water businesses to engage with their customers to deliver better long-term customer outcomes and value and address key challenges.

IPART's 'Enhancing our impact' Strategy

'Enhancing our Impact' is IPART's Strategy for 2024-27 was launched in June with implementation from 1 July 2024. This Strategy continues to build on the success of the IPART 2023 Strategic Plan while recognising our current and future context.

It includes four goals to drive strategic planning over the coming years:

- Goal 1: Citizen-focused decision making.
- Goal 2: Seek avenues to make meaningful change.
- Goal 3: Strengthen IPART's capability and culture.
- Goal 4: Maintain best practice governance.

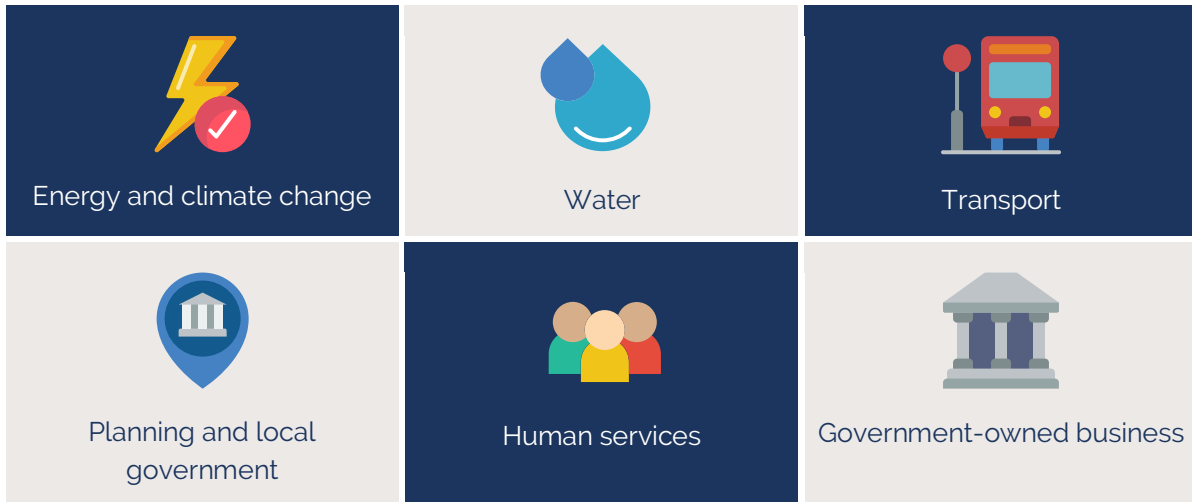
This Strategy will support IPART to evolve and excel in the areas which we actively regulate while improving our ability to proactively identify and engage in resolving challenges elsewhere. This will ensure we continue to drive more effective, efficient, fair and sustainable systems and markets to benefit the people of NSW.

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, unfair and unsafe behaviour, and poor service
- ensure service providers remain both efficient and financially viable
- encourage competition
- protect the environment and to consider the broader community impacts of our decisions.

IPART delivered substantial and comprehensive work across all divisions, sectors and functions in 2023-24. 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 for Energy 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 2023–24, 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 2024.

Key achievements included:

- Monitored compliance of the 4 licensed electricity network operators in NSW (Transgrid, Ausgrid, Endeavour Energy and Essential Energy) by reviewing findings from 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.

- Directed the audits of Ausgrid, Endeavour Energy, Essential Energy and Sydney Trains' bush fire risk management and held the network operators to account for rectifying non-compliance where found.
- Continued to monitor safety incidents that occurred on the networks in NSW and reviewed the preventative and mitigative actions the network operators undertook in response to these incidents. We also monitor and review incidents involving reliability and third-party property for the networks of Transgrid, Ausgrid, Endeavour Energy and Essential Energy.
- 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.
- Administered the electricity network licencing regime.
- Monitored compliance with the NSW code of practice for environmental impact assessments.
- Monitored compliance against the NSW Public Lighting Code via Ausgrid, Endeavour Energy and Essential Energy's reporting and an audit of Endeavour Energy's compliance.
- Updated guidance and other information to regulated entities and other stakeholders, including updating reporting manuals and audit guidelines.
- Administered 10 licences/authorisations for gas distributors/reticulators.

We progressed our assessment of an application from ACEREZ Partnership for a transmission operator's licence under the ES Act and prepared draft licence conditions for consultation. The licence sets conditions by which ACEREZ must operate the transmission system that connects the Central-West Orana Renewable Energy Zone to the NSW electricity grid. We made our final recommendations for a new licence to the Minister for Energy in September 2024 and it was subsequently granted by the Minister.

The operating environment for energy networks is changing, in particular due to climate change. In response, we previously published in October 2022 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 publish a rolling 3-year view of our future compliance priorities including for 2024-25. These will be reviewed and 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:

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

The 2022–23 annual report was delivered to the Minister for Energy by 31 October 2023 and published on IPART's website. While the Roadmap was still largely in its planning and start-up phase, our annual report included all the entities' progress with their functions over 2022–23. We published an Annual Report Plan in May 2024 after seeking feedback from reporting entities. The plan is a guide to assist entities to provide their report to us. It includes the annual report process, key dates and our general approach in preparing the annual report to the Minister for Energy.

During 2023–24 the *Electricity Infrastructure Investment Regulation 2021 (EII Reg)* was amended to provide for performance audits of entities under the Roadmap. We consulted with audit entities and key stakeholders in April 2024 and published a performance audit guideline and the 2024–25 annual audit plan in May 2024. We intend to audit the Financial Trustee and the Scheme Financial Vehicle in 2024–25.

We had discussions with the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) about potential amendments to the Renewable Energy Sector Board Plan. We will assess the amended plan when required under our appointed 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 2022–23 financial year was released in December 2023. The report found that the retail prices for electricity and gas increased by around 20% in 2022–23 due to a surge in the wholesale costs of supplying energy. The increase was due to a combination of higher international prices for coal and gas, an unusually cold start to winter and energy generation outages.

It also found that the level of competition in the market was similar to previous years. The high and sudden wholesale price rises saw the number of electricity retailers active in the market fall from 35 to 25. The number of gas retailers did not change.

^a Instrument of appointment, 17 December 2021.

We also found signs that the energy retail market is not delivering the level of competition which customers might expect in a competitive retail market. It appears to be difficult for customers to find and move to better offers. If customers cannot engage in and navigate the market easily, they will not benefit as much from energy retail competition as they could. The publicly available data is not sufficient to make a full assessment of these issues.

Evidence suggested not all live offers on Energy Made Easy (Energy Made Easy is a comparator website provided by the Australian Energy Regulator) are made available to customers. We considered that this could undermine consumer trust in the service as an accurate information source and present another barrier to customer switching. We recommended that Energy Made Easy should disclose upfront key conditions and restrictions on offers so that customers can make informed decisions.

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 2024 IPART released the updated solar feed-in tariff benchmarks for 2024-25. This report noted an estimated value of solar exports of between 4.9 to 6.3 c/kWh in 2024-25.

As the retail price of electricity is higher than a solar-feed tariff, the biggest benefit of solar panels is saving on your energy bill when you use solar electricity to power your home instead of buying this electricity from your retailer. A typical consumer in NSW, can save around \$520 per year on their electricity bill using the solar electricity they generate.

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. We completed the review and provided our final report to the Government in April 2024. We recommended:

- methodologies for setting maximum prices for electricity, gas, and hot and chilled water for customers in embedded networks, based on what on-market customers pay for these services
- a compliance and enforcement framework for any new protections
- that the NSW Government should not prohibit the establishment of new hot and chilled water embedded networks.

We understand that the NSW Government will consider IPART's recommendations as part of its [Embedded Network Action Plan](#).

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 2023-24, 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 is expected to commence in 2026.

DCCEEW leads the policy and design of these schemes. IPART is the appointed Scheme Administrator and Scheme Regulator for all three schemes. This includes managing certificate creator accreditation, compliance, certificate registration and surrender of certificates against scheme targets.

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.

Energy Savings Scheme and Peak Demand Reduction Scheme

IPART administered and regulated the ESS and the PDRS in 2023-24 using a risk-based regulatory approach to ensure the integrity of the schemes. Performance data relating to these schemes is published in our annual reports. Certificate creation for both schemes are exceeding targets to date. We also publish scheme performance updates on our website, and access to the list of accepted products, the registry of certificates, and implementation-level data is available through our online portal TESSA (The Energy Security Safeguard Application).

IPART worked closely with DCCEEW and industry in the financial year to assist in the implementation of new amendments to the ESS Rule. We provided feedback on the operation of the ESS Rule which was captured in amendments that commenced in June 2024. The Minister for Energy also approved a new PDRS Rule in May 2024 which aligned equipment requirements with the ESS and introduced new battery activities which will commence in November 2024.

As part of our Safeguard Stakeholder Engagement Strategy, we held our annual Safeguard Stakeholder Forum in November 2023 with a focus on Government and industry working together in an evolving scheme. We continued to engage and educate Accredited Certificate Providers, Scheme Participants and auditors on how to operate successfully within the schemes via quarterly newsletters, information sessions and guidance material published on our website.

Renewable Fuel Scheme

Legislation for the Renewable Fuel Scheme (RFS) commenced in December 2021, with the scheme intended to commence in 2024. Following on from the decision to defer the RFS to 2025, the NSW government intends to remove the RFS scheme targets for the 2024 and 2025 compliance periods, effectively delaying the commencement of the scheme until 2026.

IPART, as the Scheme Regulator of the RFS, has notified Scheme Participants about the deferral of 2024 and 2025 compliance requirements to 2026, explaining that they have no obligations that fall due during the first two compliance periods.

IPART will continue working with DCCEEW in the development of supporting legislation.

Water

In most parts of NSW customers have no choice about who supplies their water or wastewater services. To protect consumers, water and wastewater service 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* (WIC Act). 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 DCCEEW.

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.

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 2023-24 IPART undertook a range of regulatory activities across regulated water utilities. These included:

- We commenced preparations for the 2025 Water Price Reviews which will be the first conducted under the new '3Cs' regulatory framework. This framework focuses on **customers, costs, and credibility** – which we refer to as the '**3Cs**'. The 3Cs framework is centred around pricing proposals that promote customer value. All water businesses will be expected to understand their customers' preferences in developing their pricing proposal. Pricing proposals from Sydney Water, Hunter Water, WaterNSW and Water Administration Ministerial Corporation are due by 30 September 2024.
- IPART established the Regulators Advisory Panel (RAP), to promote better collaboration between water regulators in NSW for the benefit of customers and water businesses. The RAP provides a forum for which members of the RAP may discuss policy, share information to the extent permitted by law, and identify gaps or conflicts in the regulatory environment. It also seeks to align regulatory expectations to establish a consistent regulatory setting for water businesses and promote transparency in establishing regulatory standards. The RAP met twice in 2023-24.
- We completed our annual review of rural bulk water charges for 2024-25 to apply to NSW's 9 valleys in the Murray-Darling Basin and the Fish River Water Supply Scheme.

Water and wastewater developer charges

Water and wastewater developer charges are prices for connecting to, or upgrading a connection to, a water supply, wastewater, or drainage system. They are paid by a property developer to the water utility that provides water and wastewater networks.

The then NSW Government notified IPART in December 2021 that it had decided to change the Nil Developer Charges Policy effective from 1 January 2022 and was transitioning the reintroduction of cost reflective developer charges for Sydney Water and Hunter Water over a 4-year period.

We reviewed Sydney Water's and Hunter Water's water and wastewater development service plans and concluded that they meet the requirements set out in our 2018 Developer Chargers Determination. We registered the development service plans in November 2023.

In February 2024 we published our research which assessed the impact of water, wastewater and stormwater developer charges (water developer charges) on the price of vacant land and housing in NSW. Overall, our research found that the reintroduction of water developer charges in NSW is likely to result in lower vacant land prices. It is unlikely the reintroduction of these charges will impact housing prices (nor worsen the current housing affordability crisis). This is in line with the general findings from the empirical literature on this topic.

Water utility licensing and compliance

IPART is responsible for undertaking regulatory functions related to the operating licences for Hunter Water, Sydney Water and WaterNSW. IPART also undertakes functions under the 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 2023–24 included:

- completing the end-of-term reviews of the Sydney Water and WaterNSW operating licences and providing our recommendations for the new licences to the Minister for Water (the new licences were granted on 1 July 2024)
- undertaking greater public and stakeholder consultation to inform the end-of-term reviews of the statutory operating licences held by Sydney Water and WaterNSW
- auditing and monitoring the compliance of Sydney Water, Hunter Water and WaterNSW with their operating licences
- implementing the new Public Water Utility Audit Guideline released in 2023 which provides more targeted guidance and direction to public water utilities and our auditors when undertaking compliance audits
- working with the DCCEEW on the new *Water Industry Competition (General) Regulation 2024* (WIC Regulation), which along with the *Water Industry Competition Amendment Act 2021*, was commenced on 1 March 2024
- implementing the new framework for private water utilities under the amended WIC Act and new WIC Regulation, including releasing the new licence and approval application forms and guides, insurance guide, fees schedule, design capacity guidelines and scale guide
- beginning the 12-month process of transitioning all existing WIC Act licences to approvals and licences under the new framework
- transitioning the WILMA database to the Service Now platform. WILMA is used for collating, managing and reporting licensing and compliance data (WILMA – Water Industry Licence Management Application)
- monitoring the compliance of 20 network operator licensees and 12 retail supplier licensees under the WIC Act, including the completion of 12 operational audits
- completing assessment of applications and recommending the Minister to grant approval for 2 new WIC Act licences

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.

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

Transport

NSW's 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
- recommending maximum rank and hail taxi fares
- 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, Housing and Infrastructure (DPHI) and Transport for NSW to calculate their rents for domestic waterfront tenancies.

Review of maximum Opal fares to 2028

In 2023-24 IPART commenced a review of maximum Opal fares to June 2028. We published an Issues Paper in January 2024 and called for submissions. This review will be completed in the next reporting period.

We also considered Transport for NSW's notification of increases in Opal fares from 1 July 2024 and found that they did not exceed the appropriate maximum fares set in our 2020 determination.

Rail access

Mine life and rate of return

Schedule 3 of the NSW Rail Undertaking sets out the pricing principles that rail infrastructure owners must apply in negotiating access prices. These principles require prices to include both a return on capital and depreciation of rail assets. The pricing principles sets out a process that each rail infrastructure owner must follow to estimate the value of their assets in each year (the asset valuation roll forward principles).

In doing this, the Undertaking requires them to use:

- For all networks covered by the Undertaking, the rate of return determined by IPART.
- For the Hunter Valley Coal Network (HVCN) only, depreciation calculated using the useful life of rail assets, estimated by IPART.

We are required to review and revise these pricing principles every five years. We are required to estimate the useful life of the HVCN sectors with reference to the estimated remaining mine life of the coal mines that use them.

These prices affect the track owner, the Transport Asset Holding Entity (TAHE). They also affect freight train operators, coal miners and power station owners, who are the owners, transporters and beneficiaries of coal freight.

We released a draft report in June 2024 that proposed a termination date for the mine life is 30 June 2029 and a Rate of Return is 5.0% (real post-tax).

Review of TAHE "overs and unders" account policy

The NSW Rail Access Undertaking requires each access provider (including TAHE) to prepare an Overs and Unders Account Policy for the Hunter Valley Coal Network and submit it to IPART for approval.

The purpose of the Overs and Unders Account Policy is to specify how the access provider (TAHE) will return any over-recovered access revenues to customers. Over-recovered revenues are those that exceed the Full Economic Cost (FEC) ceiling specified in the Undertaking.

TAHE proposed that the current Overs Account balance and any future over or under recovery would be returned to, or collected from, only coal customers. TAHE provided justification for this approach in a supplementary paper.

IPART published TAHE's Draft Policy on our website on 1 February 2024 for stakeholder comments. We received only one submission on the Draft Policy. It was from a rail access user and was supportive of TAHE's consultation and its overs and unders mechanism.

We have further determined that the Policy meets the requirements of the Undertaking.

Estimating the direct cost of rail access

Under the NSW Rail Access Undertaking, rail infrastructure owners are required to charge prices for access to their networks that sit within a range determined by a 'ceiling test' and a 'floor test'. The ceiling and floor tests in the Undertaking set out the approach that the infrastructure owner should use to determine the upper and lower bound for their access charges. Rail infrastructure owners are required to demonstrate compliance with the ceiling test in the Undertaking, confirming that their charges are not set too high. However, there is no requirement to demonstrate that charges are not too low.

In the absence of a requirement to demonstrate compliance with the floor test, we consider that providing more clarity around what floor prices may look like provides some protection against under-charging. We released an information paper in January 2024 and received 3 submissions. We released a draft report in May 2024.

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

- assessed TAHE compliance with the NSW Rail Access Regime for TAHE's Hunter Valley Coal Network during the 2022-23 financial year
- assessed Australian Rail Track Corporation's compliance with the NSW Rail Access Undertaking for its non-Hunter Valley Coal Network sectors for 2022-23.

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. After considering submissions from interested parties and issuing a draft determination, IPART made its final determination in April 2024.

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 on the effect of a determination of the reasonable price for wholesale ethanol.

We decided to publish six monthly 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.

Domestic Waterfront Tenancies.

During 2023-24 IPART completed our 2024 annual update to the net rates of return that are used by the Department of Planning, Housing and Infrastructure (DPHI) and Transport for NSW to calculate their rents for domestic waterfront tenancies

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 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.



> 4,000

feedback responses were considered on special variation and minimum rate increase applications



169

submissions were considered for the review of the rate peg methodology



685

submissions considered as part of our review of special variation and minimum rate increase applications



9

special variation applications from councils were assessed



44

Reports, papers, and fact sheets were released



2

applications from council for minimum rate increases



\$3.09b

total costs of infrastructure reviewed



7

local infrastructure Contributions Plans submitted by Councils

Rate setting

IPART is 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 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 2024-25 on 21 November 2023.

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 2024, 9 councils applied for increases in rates income above the rate peg through special variations.

Based on compliance with the required criteria, IPART fully approved 5 of the applications received and 3 applications were approved for a lower increase. 1 of the applications received was not 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 Goulburn Mulwaree Council and Narrandera Shire Council.

Rate peg methodology

In 2022-23 IPART conducted a review of the methodology for setting the rate peg. The final report was released in November 2023 which made changes to the rate peg methodology and recommended 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 DPHI's Local 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:

- Penrith City Council's Contributions Plan for Orchard Hills North
- Penrith City Council's Contributions Plan for Glenmore Park Stage 3

We also completed our review of a further 7 contribution plans:

- The Hills Shire Council's Contributions Plan No 15 – Box Hill
- Blacktown City Council's Contributions Plan No 24 – Schofields precinct
- A targeted review of stormwater and soil disposal costs for Blacktown City Council's Contributions Plan No 20 and 21
- Camden Council's Growth Areas Contributions Plan for the Lowes Creek Maryland Precinct.
- Liverpool Council's Contributions Plan for East Leppington
- Liverpool Council's Contributions Plan for Austral and Leppington North
- Northern Beaches Council's Contributions Plan for French Forest Town Centre.

We also commenced our review of Wollongong City Council's Contributions Plan for West Dapto and we received Wollondilly Shire Council's Contributions Plan for Appin.

When determining contribution rates in a contributions plan, councils have the option of using the net present value (NPV) approach. As at the end of January 2024, the nominal local government discount rate is 3.2% and the real discount rate is 0.6%.

Domestic waste management charges

Domestic waste management (DWM) 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. IPART decides each year whether to set a maximum percentage ('waste peg') by which NSW councils can increase their DWM annual charges. Since 2010, IPART has decided each year it would not limit the variation of these charges. IPART supports the Office of Local Government in implementing its recommended regulatory activities to provide further guidance to councils and undertake targeted investigations where appropriate.

In November 2023 IPART published its annual decision to not set a 'waste peg'. This means no limit is to apply to the percentage by which councils may vary their domestic waste management annual charges for 2024-25.

Review on council financial model

On 30 January 2024 IPART received a draft terms of reference from the NSW Government to investigate and report on the financial model for NSW local councils under section 12A of the IPART Act.

On 19 March 2024, IPART received a letter from the NSW Government withdrawing the referral for the review of the financial model for councils to avoid unnecessary duplication.

On 14 March 2024 a Parliamentary Inquiry was established by the Standing Committee on State Development to report on the ability of local governments to fund infrastructure and services.

On 26 April 2024 IPART submitted a written statement to the inquiry and participated in a public hearing on May 17th.

Other reviews

Biodiversity market monitoring

In December 2022 IPART received final terms of reference to monitor the biodiversity credits market for 3 years from 2022-23. IPART completed its first annual review in December 2023. We made 10 recommendations aimed at improving the market, including identifying 4 priority actions. Our next annual report is due in December 2024.

Review of rents for communication sites on certain Crown land

IPART has been asked by the Minister for Lands and Property to review rents for communication sites on lands managed under the:

- *Crown Land Management Act 2016*
- *National Parks and Wildlife Act 1974*
- *Forestry Act 2012*.

As part of the review, we have been asked to recommend a rental fee schedule that is simple and easily implemented. We released an issues paper in February 2024. This review will be completed in the next reporting period.

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

During 2023 IPART reviewed 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 a final report in December 2023.

IPART was also commissioned by the Minister for Education and Early Learning to undertake biennial independent market monitoring reviews (IMMR) of the childcare sector market under section 5(1) of the *Childcare and Economic Opportunity Fund Act 2022* (CEO Act). The final report for the first review was submitted to the Minister for Education and Early Learning in December 2023.

In early 2024 the Department of Education asked IPART to undertake some follow-up work on undersupply of early childhood education and care places in NSW.

Out-of-home care

In May 2024, IPART received final terms of reference to review costs and pricing for out-of-home care in NSW. We will investigate and report on the efficient costs for the Department of Communities and Justice and non-government providers of providing the various types of out-of-home care (including in-home based care, residential care, living independently and emergency arrangements). We will also develop benchmark costs for caring for children in out-of-home care. We will recommend appropriate pricing structures and levels for the efficient delivery of quality services and a methodology for adjusting the prices paid to non-government providers. As part of the review, IPART will also make recommendations on the appropriate care allowance for foster, relative and kinship carers. The final report is due to be delivered in May 2025.

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 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, we undertook a review of NSW competitive neutrality policies which aim to support effective market competition in markets where government businesses operate.

Dams Safety NSW levy review

IPART has been asked to investigate the efficient costs of Dams Safety NSW (DSNSW) carrying out its functions under the *Dams Safety Act 2015* and recommend a methodology for recovering these costs from declared dam owners.

DSNSW is an independent regulatory body that ensures declared dam owners manage the safety of their dams. This review will recommend a levy that ensures these owners pay for the services DSNSW provides in a clear, cost-effective and efficient way.

At the end of this review, IPART will recommend a levy to be paid by owners of 'declared dams'. That is, dams that DSNSW has determined could potentially threaten downstream life, or cause major property, environment, or public welfare damage.

This review will be completed in the next reporting period.

Review of prices for Valuer General's services to councils from 1 July 2025

The NSW Valuer General is responsible for providing land values in NSW. These are used by councils when calculating rates. IPART determines the maximum price that the Valuer General can charge councils for this service. Consultation on the draft terms of reference has finished. We will publish the final terms of reference once it is received from the NSW Premier and then commence the review. This review will be completed in the next reporting period.

Review of Forestry Corporation of NSW's native timber harvesting and haulage costs

We have commenced our review of Forestry Corporation of NSW's (FCNSW) benchmarking report on its native timber harvesting and haulage costs for the period from 1 July 2019 to 30 June 2022. Section 91 of the *NSW Forestry Act 2012* (the NSWF Act) requires FCNSW to review, benchmark and report on its native timber harvesting and haulage costs every 3 years. It also requires IPART to review FCNSW's report and make recommendations for reducing these costs.

This is IPART's third review under Section 91 of the NSWF Act. In reviewing these costs for this period, we recognise the impacts of the 2019-20 bushfires and flooding events and regulatory changes.

Submissions to external regulatory reviews

IPART made 5 submissions to external reviews this year:

- In July 2023 we made a submission to the Independent Toll review.
- In August 2023 we made a submission to the Australian Energy Market Commissions review on energy billing transparency.
- In October 2023, we made a submission to the Joint Select Committee on Protecting Local Water Utilities from Privatisation.
- In January 2024 we made a submission to the Australian Energy Regulator on their draft decision for NSW distribution service providers for 2024-29.
- In April 2024, we made a submission to the Parliamentary Inquiry into Ability of Local Governments to Fund Infrastructure and Services.

Emergency Services Levy Insurance Monitor

In June 2024, the Government appointed IPART as the Emergency Services Levy Insurance Monitor under the *Emergency Services Levy Insurance Monitor Act 2024* (NSW). As Insurance Monitor, IPART's key role will be to monitor insurers to see that they pass on savings through lower premiums to NSW customers during a transition period (approximately 3 years) from the removal of the Emergency Services Levy (ESL).

The ESL currently funds 73.3 per cent of the annual costs of the Rural Fire Service, the State Emergency Service, and Fire & Rescue NSW. Customers pay on average an additional 18% on home and contents insurance premiums for the ESL, and differing amounts on other relevant insurance products. The levy is then paid to Revenue NSW by insurers who receive premiums for insurance of property located in NSW, insurance agents and brokers who place insurance with insurers outside NSW or with foreign insurers, and persons insured with a foreign insurer.

The NSW Government has announced a transition away from the ESL to a 'better, more sustainable funding model'. The Government is currently consulting on the design, scope, features and transition arrangements for that reform, and the commencement date is yet to be announced.

Our functions as Insurance Monitor

IPART is establishing the functions of the Insurance Monitor so that we are ready to monitor insurers' pricing and conduct from the start date of the transition to the new funding model. IPART will:

- issue guidelines on prohibited conduct for insurers - including price exploitation and false or misleading conduct in relation to the emergency services funding reform
- collect information from insurers and monitor their compliance with the *Emergency Services Levy Insurance Monitor Act 2024* (NSW) Act and guidelines
- monitor prices of regulated insurance contracts
- receive and take action on complaints
- investigate and take proceedings regarding prohibited conduct.

We will publish quarterly reports on the performance of our Insurance Monitor functions. The first is due in late October 2024.

Chapter 4 >>

Management and Accountability

04

The Tribunal

The Tribunal is a statutory decision-making body, consisting of independent statutory officers appointed by the relevant Minister (who is the Premier). Where a member is absent, a Deputy Tribunal member appointed by the Premier may perform the Tribunal member's role.

During the reporting period:

- The Tribunal met 50 times and transacted business out-of-session as required.
- The Tribunal adopted a new Code of Ethics and Conduct for Tribunal members to complement the existing suite of governance requirements.

Organisation management and structure

The IPART agency head is the Tribunal Chair, Carmel Donnelly, who is supported by a Secretariat led by the Chief Executive Officer, Andrew Nicholls.

A team of 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 (Figure 4.1) 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 IPART's corporate governance and human resources, including audit and risk arrangements, attestations, and use of consultants, can be found in appendix B and C respectively.

Key areas of focus for the management of the organisation in the reporting year was:

- The ongoing transition of corporate support from the Department of Customer Service.
- Establishing a dedicated business operations and procurement function
- Reviews of the budget and operating framework for IPART's secretariat
- Establishment of new program management function within the Strategy team
- The transition to GovConnect as a shared service provider

Legislation

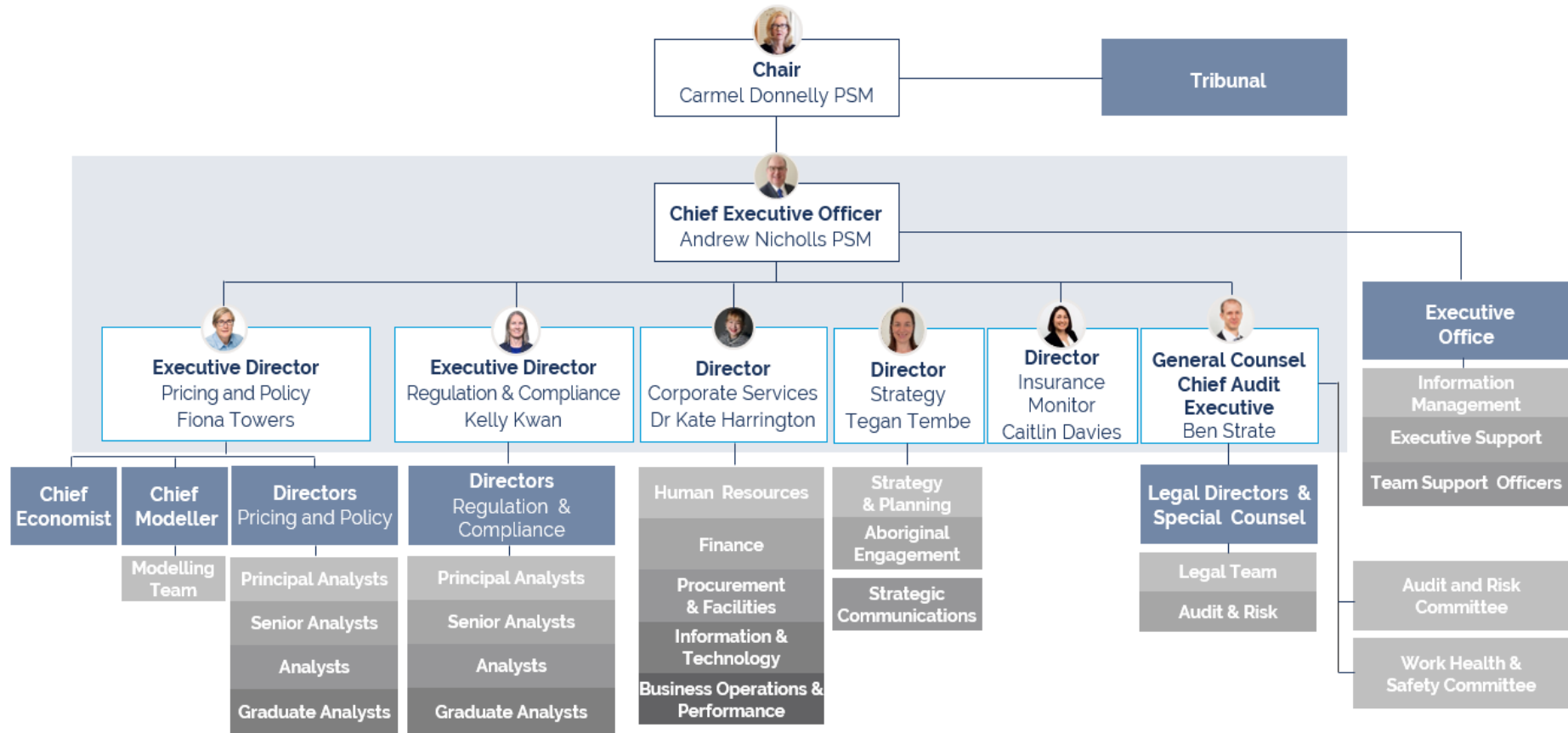
IPART was established under the IPART Act in 1992. It has functions under the IPART Act and under other Acts such as:

- 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
- Emergency Services Levy Insurance Monitor Act 2024

Appendix A provides additional detail on IPART's legislative arrangements.

Figure 4.1 IPART Organisational Chart^e



^e Caitlin Davies was appointed as Director, Insurance Monitor on 22 July 2024

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.

During 2023-24 IPART's Work Health and Safety Committee continued to be actively involved in work health and safety programs in IPART. In addition, the IPART Illness Prevention Strategy continued to deliver a contemporary approach to preventing illness in the modern workplace and ensured we consider the lessons learned from the pandemic. As part of the Strategy's preventative approach IPART offered a flu vaccination program during 2023-24.

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

- provided mental health first aid training and support
- continued to provide flexible and hybrid working arrangements and development opportunities for our employees
- promoted inclusion and awareness through support of initiatives including Harmony Week, Neurodiversity Week, 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 in conjunction with their work to deliver services to the NSW community.

The IPART Graduate Program represents an opportunity to attract high performing graduates to join the IPART team providing a long-term pipeline of skills development as successful graduates move to ongoing roles within the organisation and continue to develop their careers. During the program graduates broaden their skills while solving diverse and emerging problems and improve outcomes for the people of NSW.

Some of the development related activities undertaken in 2023-24 include:

Learning at IPART

- Aboriginal Cultural Capability Yarning Circle = 28 attendees
- Mental Health First Aid
- Essentials of Stakeholder Engagement
- Plain English Language Essentials
- Writing Job Applications & Interview Skills
- WHS Advanced Health and Safety Committee (with Risk Management)

Career development

- 2 Executive Leadership Team Members completed the Senior Leaders Aboriginal Mentoring Program (SLAM), with more opportunities available in 2024 for participation in the Walking Together, Learning Together - Cultural Leadership Program.
- There are 21 IPART Elevate Leadership Program Graduates since we commenced the program with DCS in 2023.

Mobility and recruitment

- We hired 4 Graduate Analysts as part of the IPART 2024 Graduate Program
- We have advertised externally 35 times since July 2023
- 12 internal staff members have been promoted to higher graded roles on an ongoing basis following successful completion of comparative recruitment processes
- Since July 2023, we have welcomed 32 new starters to IPART, through competitive recruitment processes
- We have utilised public sector workforce mobility provisions to second in 6 staff (additional to the 32 new starters mentioned above) from a range of other departments to share their expertise with our teams for temporary periods.
- We have supported development opportunities of our staff in other agencies where secondments have been offered, along with acting arrangements (higher duties) and temporary assignments within IPART for various periods, from short term leave relief to longer term assignment periods, with the HR team actioning over 115 TAA requests during this period.

Workforce diversity

As at 30 June 2024 we have 168 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 2023-24 IPART maintained strong female leadership representing 66% percent of senior executives. Representation of people whose first language spoken as a child was not English is also on target, representing 25% per cent of staff.



25%

People whose first language spoken as a child was not English



66%

Senior executives are female

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. We continue to support diversity as the organisation implements its Belonging and Inclusion Strategy.

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 2023-24 was \$0.119 million. This was favourable to IPART's original budget by \$1.735 million.

Total revenue was \$0.643 million above original budget. Total expenses were \$1.092 million below original budget largely due to a delay outside of IPART's control with the Renewable Fuel Scheme (RFS). IPART intends to progress implementation of the RFS in 2024-25.

Assets and liabilities

Total assets were \$8.966 million (\$2.517 million higher than original budget). This was mainly due to increases in cash, receivables and prepayments.

Total liabilities were \$6.516 million (\$0.784 million higher than original budget) mainly due to an increase in employee benefits provisions.

Cash flows

Net cash from operating activities was \$0.338 million and were higher than original budget by \$1.732 million mainly due to a decrease in payments.

There was no cash used in investing activities during the year.

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 2023-24 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*. From 2024-25, IPART will take on additional functions including under the *Residential (Land Lease) Communities Act 2013* and the *Emergency Services Levy Insurance Monitor Act 2024*. Further discussion of the legislation under which IPART operated in 2023-24 is set out in sections O to A.19 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 Delegated powers

The Tribunal delegates some of its functions to committees and to the Secretariat to support timely and effective operations.

During 2023-24, the Tribunal delegated functions to:

- a **Local Government Contributions Plans Committee**: IPART's functions in assessing contributions plans were delegated to a Committee chaired by Deborah Cope (to October 2023), and then by Carmel Donnelly PSM (from November 2023). The committee met 14 times during 2023-24. Other members included Sue Weatherley, Tim Moore, and IPART's Executive Director, Regulation & Compliance.
- an **Energy Networks Regulation Committee**: IPART's energy licensing, technical and safety functions were delegated to a Committee chaired by Carmel Donnelly (to October 2023), Sandra Gamble (November 2023 to March 2024) and Jonathan Coppel (from May 2024). The committee met 11 times during 2023-24. Other members included (at different times) Naveena Rajaretnam, Christopher Spangaro and IPART's CEO.
- an **Energy Sustainability Schemes Committee** (until April 2024). The Tribunal delegated its functions as administrator and regulator of the Energy Savings Scheme, Peak Demand Reduction Scheme and the yet-to-commence Renewable Fuel Scheme to a Committee chaired by Sandra Gamble. The committee met 18 times in 2023-24. The other Committee members were Christopher Spangaro and IPART's Executive Director, Pricing & Policy.

- **IPART staff:** Certain functions were delegated to the CEO and other senior employees to enable them to make decisions on more routine matters.

A.4 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.4.1 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. 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^f
- water supply authorities constituted under the *Water Management Act 2000*
- county councils established for the supply of water
- Transport for NSW

^f 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*.

- Department of Communities and Justice^g
- 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.^h

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.

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.

^g Schedule 1 of the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW) refers to the Department of Family and Community Services but this is to be construed as a reference to the Department of Communities and Justice.

^h 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.

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 Part 3 of 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 the 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.4.2 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.4.3 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 2023-24, we commenced, continued or completed notable special reviews under section 9 or 12A of the IPART Act including 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
- Competitive Neutrality policies and processes in NSW
- out-of-home care costs and pricing
- the Dams Safety levy
- rents for communication sites on certain Crown land.

A.4.4 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.4.5 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.

A.4.6 Investigating complaints under competitive neutrality regime

We have a role in investigating and reporting on competitive neutrality complaints under the Competition Principles Agreement,ⁱ 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.

A.4.7 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.4.8 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.

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

A.5 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 commencement of the *Water Industry Competition Amendment Act 2021* and *Water Industry Competition (General) Regulation 2024* on 1 March 2024 has brought substantial changes to the *Water Industry Competition Act 2006*. IPART is currently managing the 12-month transition to the new regulatory framework.

During the period, IPART also began its assessment of the ACERERZ Partnership's application for a NSW transmission operator's licence. IPART completed this review and recommended that the Minister grant ACERERZ a licence in September 2024. The Minister has since granted ACERERZ a licence in accordance with our recommendation.

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 relevant Minister, we have powers to impose monetary penalties or require a utility to take remedial action in certain circumstances.

A.6 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.7 Transport pricing regulation

A.7.1 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*.

During the 2023-24 period, IPART commenced a review of Opal fares. The review is ongoing.

A.7.2 Point to Point Transport (Taxis and Hire Vehicles Act) 2016

Part 5 of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016* authorises IPART, with Ministerial referral, to make recommendations to the relevant Minister on the appropriate maximum fares for point-to-point passenger services.

In June 2024, the Minister for Transport asked IPART to investigate and make recommendations on the maximum fares for rank and hail taxi services in NSW to apply from 1 July 2025. The review is ongoing.

A.8 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 4 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.9 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 3 '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 IPART's role under 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 3 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.10 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*.

The functions performed under terms of reference under section 9 of the IPART Act are reviewing council development contributions plans prepared 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.

The functions performed under delegation by the Minister for Local Government under the *Local Government Act 1993* are:

- determining the rate peg for general council income
- determining the waste peg for 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 November 2023, we finalised our review of the rate peg methodology. The new methodology uses forward-looking measures of councils' base costs to determine the rate peg.

A.11 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. WaterNSW bulk water services pricing reviews will now, be conducted under the IPART Act instead, commencing at the end of the June 2025 determination period.

A.12 Electricity Infrastructure & Licensing

A.12.1 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.12.2 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* require a 'regulator' to undertake a number of functions. IPART's 'regulator' functions include:

- assessing the Renewable Energy Sector Plan
- auditing the performance of certain scheme entities, and
- reporting annually to the Minister for Energy on the exercise of functions under the Act by certain scheme entities.

Other 'regulator' functions under the Act are performed by the Australian Energy Regulator and the NSW Environment Protection Authority.

A.13 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). The review considered:

- 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, and
- the state of the childcare sector, including workforce, pay and conditions, and quality standards in the childcare sector.

IPART provided its report to the Minister for Education and Early Learning in December 2023. The Premier tabled the report in Parliament on 4 March 2024. The report is available on our website.

A.14 Port of Newcastle

IPART was 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 one-off compensation was to be calculated as 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.

IPART made this determination in April 2024. The determination is available on our website.

A.15 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.16 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 the *Motor Accidents Injuries Act 2017*.

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

A.17 Emergency Services Levy Insurance Monitor

The *Emergency Services Levy Insurance Monitor Act 2024* commenced on 20 June 2024. This Act appoints IPART as the Insurance Monitor to oversee insurance pricing as part of the NSW Government's reform to the State's emergency services levy.

In our role as Insurance Monitor, we will issue guidelines on prohibited conduct for insurers, monitor insurer compliance with legislation and guidelines, monitor the price of regulated insurance contracts, receive and take action on complaints, and investigate and initiate proceedings regarding prohibited conduct.

We will report quarterly on this work and publish reports on our website.

A.18 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.19 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 Premier'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 2023-24.

B.2 Asset Management Plan

IPART undertakes a number of activities to manage a small number of owned assets. However, in accordance with TPP19-07 Asset Management Policy, IPART was provided a 2-year small agency exemption up to 30 June 2024 from compliance with the policy. A review of exemption will be undertaken in 2024-25.

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 2023-24 Financial Year, on 27 July 2023, 16 October 2023, 11 December 2023, 25 March 2024 and 24 June 2024.

B.4 Internal audit

IPART delivered against its planned internal audit program during 2023-24 in line with our strategic objectives and core policy and industry standards such as NSW Treasury's Policy Paper Internal Audit and Risk Management for the General Government Sector (TPP20-08) and the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (under the International Professional Practices Framework).

We operate a co-source model to undertake internal audit activities. Centium were engaged as IPART's internal audit service provider, undertaking three internal audits during 2023-24, on the following topics:

- Cyber Security including Information Management
- Combined Transactional Corporate Services and Focus Areas (Workforce Strategy, Culture and Workplace Health and Safety)
- Energy Safeguard Administration Post-Program Implementation and Focus Areas (IT System, Third-party Provider Management, and Fraud Risk Management).

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

B.5 Risk management

During the year we continued to deliver our risk management program in line with our Strategic Aspirations and our Risk Management Framework, which establishes a consistent approach to managing risks. Our Framework complies with the requirements of NSW Treasury's TPP20-08 and conforms with ISO 31000:2018 Risk Management Guidelines. We keep under review our Risk Management Framework including Risk Appetite Statement to ensure it remains appropriate, fit-for-purpose and tailored to the needs of IPART.

Risk management is integrated into our corporate strategy and business planning and performance processes, with risk proactively identified and mitigated across our reviews, programs and projects. The Executive Leadership Team, ARC and Tribunal receive regular updates on risk management activities such as changes to strategic and operational risks, focus areas or purpose-specific risk assessments and IPART's Key Risk Indicators.

B.6 Insurance

IPART's major insurance risks are administered by Insurance and Care NSW (icare) under the Treasury Managed Fund (TMF) in line with NSW Treasury's Mandatory Use of the TMF for All Government Insurance Requirements Policy (TC20-05). Our insurance policy is based on TMF's Statement of Cover. TMF is a self-insurance scheme provided by icare, which was established by the *State Insurance and Care Governance Act 2015*. The TMF provides worker's compensation, public liability, property and miscellaneous cover for IPART.

B.7 Internal Audit and Risk Management Attestation Statement for the 2023-24 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

Core Requirements	Specify compliant, non-compliant, or in transition	
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 2023-24 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 April 2024; Chair from 1 December 2019 to 1 April 2024)
- Independent Chair, Arthur Diakos PSM (Appointment Term: 12 May 2023 to 11 May 2026; as Chair from 2 April 2024)
- Independent Member, Jeremy Chandler (Appointment Term: 10 October 2022 to 9 October 2025)
- Independent Member, Kerry Adby (Appointment Term: 10 June 2024 to 9 June 2027).



Andrew Nicholls
Chief Executive Officer
21 October 2024

Ben Strate - Agency Contact Officer
General Counsel
Chief Audit Executive

B.8 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.

In 2023-24 IPART introduced a new Data Breach Policy including guides, procedures and a public register and updated our Privacy Management Plan to align with the new Mandatory Notification of Data Breach (MNDB) scheme, which commenced on 28 November 2023. Under the scheme, agencies bound by the PIIP Act are required to notify the Privacy Commissioner and any affected individuals of data breaches involving personal or health information likely to result in serious harm.

IPART's Privacy Management Plan, Data Breach Policy and public register is published on our website. In addition to annual mandatory privacy training, staff received a special briefing on the new Data Breach Policy as part of its implementation. New employees are also briefed on their privacy and data management responsibilities, as it relates to their role, during onboarding.

In the reporting year 2023-24 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.8.1 Records Management Program

During 2023-24 IPART completed our third annual Records Management Assessment Tool (RMAT) to report on our records management program in accordance with section 12(4) of the *State Records Act 1988* (State Records Act). The RMAT provides intelligence about our recordkeeping performance and identifies opportunities for improvement. In 2023-24, IPART either maintained or improved our maturity in relation to all records and information actions assessed when compared to 2022-23.

To increase our maturity and improve our compliance with the State Records Act we also conducted a review of our Records Disposal and Retention Plan and developed an Archival Transfer Plan and documented Access Directions for the transfer of records to State Archives and Museums of History NSW.

B.9 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.

IPART's complaint handling policy provides guidance to our staff on the key principles and concepts of our complaint management system and helps ensure exemplary complaint handling practices by staff.

IPART's complaint handling policy was developed in accordance with guidance from the NSW Ombudsman. Our complaint handling policy, and information about how to make a complaint is published on our external website.

During the reporting period, IPART received and responded to 10 complaints about our processes, policies and procedures.

In our role in licensing water utilities, we received 2 complaints relating to our water utility customer satisfaction survey and responded to the complainants. In the Energy Savings Scheme, we received a formal complaint about certificate registration processing times and response times for TESSA technical support cases. We responded to this complaint and worked with the relevant Accredited Certificate Provider to address their concerns.

In the area of local government, we received and responded to 6 complaints from ratepayers regarding the outcome of special rate variation determinations and the annual rate peg setting process and outcome.

IPART received and responded to one stakeholder complaint regarding our report on the future of embedded networks in NSW.

Where a complaint was received about an entity that we regulate, we acknowledged the complaint, considered it as part of our regulatory approach and where relevant we contacted the relevant entity to request a resolution for the complainant.

B.10 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, adherence to the NSW Procurement Framework policy, verified adherence to modern slavery requirements of our third-party providers, and undertook effective supplier management to maintain a low-risk profile on modern slavery.

During 2023-24 The NSW Anti-Slavery Commissioner commenced work to create a Shared Implementation Plan for the Guidance on Reasonable Steps to manage modern slavery risks in operations and supply chains by June 2025. During 2023-24 IPART engaged in this process via a Premier and Cabinet group of agencies working group.

In the interim, 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.11 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, 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.11.1 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)	0	0	0	0	0	0	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)	0	0	0	0	0	0	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)	0
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	0
Invalid applications that subsequently became valid applications	0

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	0
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	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
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)	0
Decided after 35 days (by agreement with applicant)	0
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	0	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.12 Public Interest Disclosures Act 2022 (PID Act)

We recognise the value and importance of public officials raising concerns when they see something they believe is wrong, and we foster a culture that encourages our staff to do this.

Our Public Interest Disclosures policy was developed in accordance with the requirements of the *Public Interest Disclosures Act 2022* and having regard to the relevant guidelines published by the NSW Ombudsman. Our policy commits IPART and senior staff to handling these disclosures effectively and to providing support to the public officials 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 and the policy is also published on our website.

There were no public interest disclosures received during the 2023-24 financial year.

B.13 Consultants

IPART had a total expenditure of \$1,222,278.40 excluding GST for the costs of all consultancy engagements for the financial year 2023-24. IPART has used the NSW Procurement Board's definition of 'consultant' for annual reporting purposes as described in the Procurement Board Direction *PBD-2023-05 Engagement of professional services suppliers*^j.

Table B.10 Consultancies over \$50,000 excluding GST in 2023-24

Name of Consultant	Title of Project	Actual Cost in FY (\$)
FTI Consulting (Australia) Pty Ltd	Review of WaterNSW's Key Systems and Processes	\$190,455
Experience Matters Pty Ltd	IPART Data, Insights, Strategy & Roadmap	\$133,950
HARC Services Pty Ltd	Expert stormwater engineering advice	\$77,100
Houston Kemp Pty Ltd	Advice on 3 C's Framework	\$75,000
Centre For International Economics	Advisory and reviews of Sydney Water's Mamre Road Stormwater Scheme and Implementation of the CCC Water Regulation Framework	\$68,625
Nuttall Consulting	Advice and review on ACEREZ NOPR	\$66,000
FTI Consulting (Australia) Pty Ltd	Expenditure review for Dam Safety Levy	\$60,485
Endgame Economics Pty Ltd	Solar feed-in tariff benchmark review	\$56,168
Orima Research Pty Ltd	Point to Point Transport Survey 2023-24	\$48,882.72 ^k
RKI Consulting Pty Ltd	Review of IPART's Records Management Functionality	\$48,293.18 ^k
Sustainable Energy Transformation Pty Ltd	Assessment of water heater product applications under ESS	\$47,288.50 ^k
Centre For International Economics	ECEC model peer review	\$32,680 ^k
Argyle Consulting Pty Limited	Economic and regulatory advice and analysis on IPART's reviews of local government contributions plans.	\$21,646 ^k
Step Two Designs Pty Ltd	Create of a user centric information architecture and framework for ESS documents	\$19,800 ^k
Centre for International Economics	Advisory and analysis on IPART's reviews of local government contributions plans.	\$15,125 ^k
Total		\$961,498.40

^j A consultant is defined as a person or organisation engaged to provide recommendations or professional advice to assist decision-making by management. Generally, consultants are distinguished by the advisory nature of the work, the output reflects the independent view or findings of the consultant, the consultant's performance of the work is not, or mostly not, under the client's direct supervision and direction and the consultancy being the sole or majority element of the contract in terms of relative value or important. Services provided under the NSW Government Legal Services Panel are excluded from the definition of 'consultant' for annual reporting purposes.

^k These specific engagements have been disclosed in the table of consultancies as their total contract value is above \$50,000 excluding GST.

B.13.1 Consultancies less than \$50,000 excluding GST in 2023-24

IPART had eleven consultancy engagements costing less than \$50,000 each excluding GST. The total costs of these engagements amounted to \$260,780 excluding GST.

B.14 Other information

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

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 24.44% of the overall salaries-related expenses for 2023-24, compared to 24.37% in 2022-23.

Table C.1 Number of roles and gender breakdown at 30 June 2024

Band	2022-23		2023-24	
	Female	Male	Female	Male
Band 3 (Deputy Secretary)	0	1	0	1
Band 2 (Executive Director)	2	1	2	1
Band 1 (General Manager/Director)	13	7	14	6
Total	15	9	16	8

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

Table C.2 Average total remuneration package at 30 June 2024

Role	Range 2023-24	2022-23		2023-24	
		Female	Male	Female	Male
Band 3	\$361,301 - \$509,250	NA	\$376,624	NA	\$376,624
Band 2	\$287,201 - \$361,300	\$329,448	\$329,448	\$338,486	\$338,486
Band 1	\$201,350 - \$287,200	\$242,329	\$240,017	\$247,771	\$242,784

C.2 Tribunal member remuneration

Table C.3 Average remuneration as at 30 June 2024

Role	2022-24 ¹
Tribunal Chair	\$316,165
Tribunal Members	\$99,456

¹ Premier's Memorandum M2012-18 Classification and Remuneration Framework for New South Wales Government Boards and Committees.

C.3 Staff

Table C.4 Employees including Tribunal and Chair profile by employment category, by headcount as at 30 June 2024

	2021	2022	2023	2024
Chief Executive	1	1	1	1
Executive Directors & General Managers	3	2	2	2
Director Corporate Services	1	1	1	1
Directors	14	14	15	15
Managers	6	7	9	10
Analysts	74	77	84	86
Graduate Analysts	6	8	10	10
General Counsel	1	1	1	1
Director, Legal & Special Counsel	4	3	4	4
Legal Officers	5	6	4	7
Support Officers	16	18	19	23
Supernumeraries	0	0	0	0
Casual Employees	0	0	1	1
Temporary Employees	4	6	7	7
Total number of employees includes full time, part-time, temporary and graduates	134	143	158	168
Chair	1	1	1	1
Tribunal Members	1	2	2	2
Total number of Employees including members	136	146	161	171

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 2022* and the *Crown Employees (Public Service Conditions of Employment) Award 2009* set the salaries and working conditions for employees. An IPART Flexible Work Agreement was implemented in March 2024.

There were no significant Industrial disputes or changes to IPART's Award during 2023-24.

The Award covering IPART employees was varied to increase salaries and salary-based allowances by 4.0%, effective 1 July 2023.

Senior Executive pay rates remained the same following the introduction of a pay freeze on 1 July 2023 by the NSW Government.

C.5 Diversity and inclusion

Table C.5 Trends in the representation of Workforce Diversity groups as at 30 June 2024

Workforce Diversity Group	Benchmark	2021	2022	2023	2024
Women ^a	50%	59.2%	61%	65.2%	60.5%
Aboriginal and/or Torres Strait Islander People ^b	3.3%	2.6%	0.7%	1.9%	1.6%
People whose First Language Spoken as a Child was not English ^c	23.2%	26.4%	18.5%	23.5%	25.0%
People with Disability ^d	5.6%	1.9%	2.1%	3.1%	2.8%
People with Disability Requiring Work-Related Adjustment	N/A	0.0%	1.4%	1.6%	1.5%

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

b. 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%.

c. 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.

d. 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	2021	2022	2023	2024
Women	100	103	105	100	106
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	94	95	90	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

a. 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.

b. 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 2023-24 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						
September 2023	195	7	2	-	-	204
December 2023	112	5	-	-	-	117
March 2024	107	4	-	1	-	112
June 2024	147	8	1	-	-	156

Table D.2 Accounts due or paid within each quarter

Measure	September 2023	December 2023	March 2024	June 2024
All suppliers				
Invoices due for payment (#)	204	117	112	156
Invoices paid on time (#)	195	112	107	147
Actual percentage of accounts paid on time (based on number of accounts)	96%	96%	96%	94%
Amount due for payment (\$)	\$3,834,720	\$1,608,212	\$1,619,100	\$1,993,669
Amount paid on time (\$)	\$3,321,952	\$1,543,639	\$1,385,592	\$1,947,384
Actual percentage of accounts paid on time (based on \$)	87%	96%	86%	98%
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, superannuation and taxes. IPART is excluded from the Faster Payment Policy and endeavours to pay all suppliers within 30 calendar days. All numbers are reported based on the invoice receipt date 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 comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information 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 2024* (GSF Regulation) and the Treasurer's Directions
- present 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.

Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer 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 Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the 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.



David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 October 2024
SYDNEY

Independent Pricing and Regulatory Tribunal
and its Consolidated Entity

Financial Statements
for the year ended 30 June 2024

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

for the year ended 30 June 2024

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 2024; and
 - Treasurer's directions issued under the Act.
- b. these financial statements present fairly for both the Independent Pricing and Regulatory Tribunal and its Consolidated Entity their financial position as at 30 June 2024 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

21 October 2024

**Independent Pricing and Regulatory Tribunal
Statement of Comprehensive Income
for the year ended 30 June 2024**

	Notes	Consolidated		IPART		
		Budget	Actual	Actual	Actual	Actual
		2024	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations						
Expenses excluding losses						
Employee-related expenses	2(a)	28,670	27,695	24,763	-	-
Personnel services	2(a)	-	-	-	26,658	23,927
Operating expenses	2(b)	8,509	8,485	13,059	8,485	13,059
Depreciation and amortisation	2(c)	460	367	347	367	347
Total expenses excluding losses		37,639	36,547	38,169	35,510	37,333
Revenue						
Appropriations	3(a)	33,935	31,516	36,242	31,516	36,242
Sale of goods and services	3(b)	1,516	3,729	1,286	3,729	1,286
Grants and other contributions	3(c)	-	67	899	67	899
Acceptance by the Crown of employee benefits and other liabilities	3(d)	334	1,037	836	-	-
Other income	3(e)	-	79	166	79	166
Total revenue		35,785	36,428	39,429	35,391	38,593
Operating result		(1,854)	(119)	1,260	(119)	1,260
Net result		(1,854)	(119)	1,260	(119)	1,260
Total other comprehensive income		-	-	-	-	-
Total comprehensive income		(1,854)	(119)	1,260	(119)	1,260

The accompanying notes form part of these financial statements.

Independent Pricing and Regulatory Tribunal
Statement of Financial Position
as at 30 June 2024

	Notes	Consolidated			IPART	
		Budget	Actual	Actual	Actual	Actual
		2024	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents	4	5,788	7,698	7,360	7,504	7,269
Receivables and prepayments	5	418	1,112	418	1,109	322
Total current assets		6,206	8,810	7,778	8,613	7,591
Non-current assets						
Plant and equipment	6	222	135	242	135	242
Intangible assets	7	21	21	281	21	281
Total non-current assets		243	156	523	156	523
Total assets		6,449	8,966	8,301	8,769	8,114
Liabilities						
Current liabilities						
Payables	8	2,446	2,562	2,446	2,365	2,259
Provisions	9	3,217	3,855	3,217	3,954	3,286
Total current liabilities		5,663	6,417	5,663	6,319	5,545
Non-current liabilities						
Provisions	9	69	99	69	-	-
Total non-current liabilities		69	99	69	-	-
Total liabilities		5,732	6,516	5,732	6,319	5,545
Net assets		717	2,450	2,569	2,450	2,569
Equity						
Accumulated funds	10	717	2,450	2,569	2,450	2,569
Total equity		717	2,450	2,569	2,450	2,569

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 2024**

Consolidated / IPART	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2023	2,569	2,569
Net result for the year	(119)	(119)
Total other comprehensive income	-	-
Total comprehensive income for the year	(119)	(119)
Balance at 30 June 2024	2,450	2,450

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

The accompanying notes form part of these financial statements.

Independent Pricing and Regulatory Tribunal
Statement of Cash Flows
for the year ended 30 June 2024

	Notes	Consolidated		IPART		
		Budget	Actual	Actual	Actual	Actual
		2024	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities						
Payments						
Employee related		(28,337)	(25,768)	(23,327)	-	-
Personnel services		-	-	-	(25,768)	(23,327)
Suppliers for goods and services		(8,509)	(9,620)	(13,762)	(9,630)	(13,823)
Total Payments		(36,845)	(35,388)	(37,089)	(35,398)	(37,150)
Receipts						
Appropriations		33,935	31,516	36,242	31,516	36,242
Sale of goods and services		1,516	4,072	2,639	3,979	2,697
Grants and other contributions		-	107	1,451	107	1,451
Other		-	31	159	31	159
Total Receipts		35,451	35,726	40,491	35,633	40,549
Net cash from operating activities	14	(1,394)	338	3,402	235	3,399
Cash Flows From Investing Activities						
Purchases of plant and equipment		(180)	-	(110)	-	(110)
Net cash used in investing activities		(180)	-	(110)	-	(110)
Cash Flows From Financing Activities						
		2	-	-	-	-
Net cash used in financing activities		2	-	-	-	-
Net increase / (decrease) in cash and cash equivalents		(1,572)	338	3,292	235	3,289
Opening cash and cash equivalents		7,360	7,360	4,068	7,269	3,980
Closing cash and cash equivalents	4	5,788	7,698	7,360	7,504	7,269

The accompanying notes form part of these financial statements.

1 Statement of Material Accounting Policy Information

a. Reporting entity

The Independent Pricing and Regulatory Tribunal (IPART) is a NSW government 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 improve the economic position of people in NSW through decisions and advice derived 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 as a reporting entity, includes its controlled 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 2024 have been authorised for issue by the Chief Executive Officer on 21 October 2024.

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 2024 (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 presentational and functional currency.

c. Statement of compliance

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

1 Statement of Material Accounting Policy Information (cont'd)

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. Relevant information of administered activities is further disclosed in Note 15.

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

e. 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.

f. Changes in accounting policies, including new or revised Australian Accounting Standards

i Effective for the first time in 2023-24

The accounting policies applied in 2023-24 are consistent with those of the previous financial year.

The impact of AASB 2021-2 'Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates' is limited to a change in the presentation and disclosure of information in the notes to the financial statements from Significant Accounting Policies to Material Accounting Policies.

Several other amendments and interpretations apply for the first time in 2023-24, but do not have an impact on the financial statements of IPART.

ii Issued but not yet effective

NSW public sector entities are not permitted to adopt new Australian Accounting Standards early unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory as at 30 June 2024 reporting period.

AASB 18 'Presentation and Disclosure in Financial Statements' comes into effect for IPART for the financial year ending 30 June 2029 and will replace AASB 101 'Presentation of Financial Statements'. Key changes include newly defined subtotals in the statement of comprehensive income, disclosure of management-defined performance measures and enhanced requirements for grouping information.

Otherwise, these Standards are not expected to have a material impact on IPART's financial statements based on its current operations.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2024**

2 Expenses Excluding Losses

a. Employee-related and personnel services expenses

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Salaries and wages (including annual leave)	22,741	20,767	-	-
Superannuation - defined contribution plans	1,914	1,624	-	-
Long service leave	1,048	805	-	-
Workers' compensation insurance	106	102	-	-
Payroll tax and fringe benefit tax	1,364	1,214	-	-
Redundancy payments	223	-	-	-
Annual leave and long service leave on-costs – defined benefit superannuation	(11)	31	-	-
Annual leave and long service leave on-costs – other	310	220	-	-
Personnel services	-	-	26,658	23,927
	27,695	24,763	26,658	23,927

Employee-related expenses

No employee-related costs have been capitalised and excluded from the above for 2023-24 and the prior financial year.

Personnel services expenses

All IPART staff are employed by the Staff Agency. Personnel services are the staffing services provided by the Staff Agency to IPART.

Reclassification of labour hire costs

Labour hire costs of \$1.743 million for the prior financial year have been reclassified from employee-related and personnel services expenses to contractors as part of operating expenses in Note 2(b), consistent with the classification for 2023-24.

b. Operating expenses include the following:

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Advertising	31	10	31	10
Auditor's remuneration - audit of the financial statements	67	53	67	53
Board and committee fees	401	377	401	377
Corporate services fees	312	348	312	348
Consultants	1,222	1,599	1,222	1,599
Contractors	682	2,158	682	2,158
Information technology	2,644	4,858	2,644	4,858
Information resources and media	130	136	130	136
Internal audit fees	84	72	84	72
Insurance	42	33	42	33
Legal fees	84	171	84	171
Professional fees	961	1,298	961	1,298
Rental payments	1,112	1,073	1,112	1,073
Training (staff development)	431	403	431	403
Travel	38	79	38	79
Other operating expenses	244	391	244	391
	8,485	13,059	8,485	13,059

2 Expenses Excluding Losses (cont'd)

Auditor's remuneration - audit of the financial statements

Auditor's remuneration for the audit of the financial statements comprised audit fees as per the Annual Engagement Plan for the financial year of \$0.061 million and additional fees of \$0.006 million separately recovered for the prior year's audit.

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.

c. Depreciation and amortisation expense

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Depreciation				
Plant and Equipment	107	87	107	87
Total Depreciation	107	87	107	87
Amortisation				
Intangibles	260	260	260	260
Total Amortisation	260	260	260	260
Total Depreciation and Amortisation	367	347	367	347

Refer to Notes 6 and 7 for recognition and measurement policies on depreciation and amortisation.

3 Revenue

a. Appropriations and Transfers to the Crown

Summary of Compliance at responsible Minister level

	Consolidated	
	2024 \$'000	2023 \$'000
Amount appropriated per <i>Appropriation Act</i>	33,935	38,485
Total spending authority from parliamentary appropriations, other than deemed appropriations	33,935	38,485
Add:		
Spending authority from deemed appropriations during the current year	4,210	4,249
Unutilised spending authority from deemed appropriations in prior years	9,334	5,085
Total spending authority	47,479	47,819
Less: total expenditure out of Consolidated Fund	(35,388)	(37,199)
Variance	12,091	10,620
Less: Spending authority from appropriations lapsed at 30 June	-	(1,286)
Deemed appropriations balance carried forward to following years	12,091	9,334

3 Revenue (cont'd)

Parliamentary appropriations other than deemed appropriations

The *Appropriation Act 2023* appropriates the sum of \$33.935 million to the Premier out of the Consolidated Fund for the services of IPART for the year 2023-24.

The lead Minister for IPART, being the Premier, 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.

The spending authority of the Premier 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.

b. Sale of goods and services from contracts with customers

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Rendering of services	3,729	1,286	3,729	1,286
	3,729	1,286	3,729	1,286

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.

c. Grants and contributions

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Grants	67	899	67	899
	67	899	67	899

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 shortly after the relevant obligation is satisfied.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2024**

3 Revenue (cont'd)

d. Acceptance by the Crown of employee-related expenses

The following expenses have been assumed by the Crown:

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Defined benefit superannuation on-costs	(11)	31	-	-
Long service leave expenses	1,048	805	-	-
	1,037	836	-	-

e. Other income

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Recoupment of salaries and on-costs from staff secondments	79	73	79	73
Other	-	93	-	93
	79	166	79	166

4 Current Assets - Cash and Cash Equivalents

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash at bank	7,698	7,360	7,504	7,269

5 Current Assets – Receivables and Prepayments

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Trade and other receivables	715	186	712	90
Prepayments	284	-	284	-
Goods and Services Tax (GST)	113	232	113	232
	1,112	418	1,109	322

Recognition and 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.

Credit risk of trade receivables from contracts with customers and other receivables are further disclosed in Note 16.

6 Plant and Equipment

Consolidated / IPART	\$'000
At 1st July 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	1,035
Accumulated depreciation	(793)
Net carrying amount	242
Year ended 30 June 2024	
Net carrying amount at beginning of year	242
Additions	-
Disposals	-
Depreciation expense	(107)
Net carrying amount at end of year	135
At 30 June 2024 - fair value	
Gross carrying amount	452
Accumulated depreciation	(317)
Net carrying amount	135

Disposals

During the financial year, computer equipment with costs and accumulated depreciation of \$0.583 million (2023: \$0.132 million) were retired. All these assets were fully depreciated.

Recognition and Measurement

Acquisition of plant and equipment

Plant and equipment are measured at cost less accumulated depreciation as an acceptable surrogate for fair value.

Capitalisation thresholds

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

Depreciation of plant and equipment

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.

6 Plant and Equipment (cont'd)

Category of Assets

	Depreciation Rates (%)	
	2024	2023
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.

7 Intangible Assets

	Software
	\$'000
Consolidated / IPART	
At 1st July 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
Year ended 30 June 2024	
Net carrying amount at beginning of year	281
Addition	-
Amortisation	(260)
Net carrying amount at end of year	21
At 30 June 2024 - fair value	
Cost (gross carrying amount)	1,075
Accumulated amortisation and impairment	(1,054)
Net carrying amount	21

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. IPART's intangible assets are carried at cost less any accumulated amortisation.

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

8 Current Liabilities - Payables

	Consolidated		IPART	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	588	463	-	-
Creditors	1,974	1,983	1,777	1,796
Personnel services	-	-	588	463
	2,562	2,446	2,365	2,259

Liquidity risk of payables are further disclosed in Note 16.

9 Current / Non-Current Liabilities - Provisions

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	2,473	2,278	-	-
Long service leave	581	453	-	-
Banked flex leave	276	131	-	-
Parental Leave	102	-	-	-
Payroll tax	423	355	-	-
Personnel services	-	-	3,954	3,286
Total current provisions	3,855	3,217	3,954	3,286
Non-current				
Employee benefits and related on-costs				
Long service leave	99	69	-	-
Total Provisions	3,954	3,286	3,954	3,286
Aggregate employee benefits and related on-costs				
Provisions - current	3,855	3,217	-	-
Provisions - non-current	99	69	-	-
Accrued salaries, wages and on-costs (Note 8)	588	463	-	-
	4,542	3,749	-	-

Current annual leave provision is expected to be settled as follows:

	Consolidated		IPART	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Within 12 months from the reporting date	1,904	1,822	-	-
More than 12 months from the reporting date	569	456	-	-
	2,473	2,278	-	-

Recognition and Measurement

Employee benefits and related on-costs

Short-term employee benefits

Annual leave is measured at present value as it is not expected to be settled wholly within twelve months from the reporting date. 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 twelve months as it does not have an unconditional right to defer settlement.

Banked flex leave and parental leave are recognised and measured at undiscounted amounts as it is expected to be taken within twelve months from the reporting date. Banked flex leave is payable on termination of employment in accordance with the *Crown Employees (Independent Pricing and Regulatory Tribunal) Award 2022*.

9 Current / Non-Current Liabilities – Provisions (cont'd)

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-related expenses' in Note 3(d).

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.

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.

10 Equity

Recognition and Measurement

Accumulated Funds

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

11 Commitments

IPART has no capital commitment.

12 Contingent Liabilities and Contingent Assets

IPART is not aware of any contingent liabilities and contingent assets associated with its operations as at 30 June 2024 (this was also nil at 30 June 2023).

13 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 \$0.119 million. It was favourable to budget by \$1.735 million.

Total expenses were lower than budget by \$1.092 million. This decrease in expenses was mainly due to a delay outside of IPART's control on the Renewable Fuel Scheme (RFS) project, partially offset by higher expenses from an increase in the number of commissioned reviews undertaken.

Total revenue was higher than budget by \$0.643 million. This was mainly due to an increase in the number of commissioned reviews undertaken, partially offset by lower appropriations relating to approved carry forward funding for the RFS project.

Assets and liabilities

Total assets were \$8.966 million and were higher than budget by \$2.517 million. This was mainly due to increases in cash, receivables and prepayments.

Total liabilities were \$6.516 million and were higher than budget by \$0.784 million mainly due to employee provisions reflecting updated year-end valuation adjustments as per Treasury's policy and guideline.

Cash flows

Net cash from operating activities was \$0.338 million. It was favourable to budget by \$1.732 million.

Cash payments were lower than budget by \$1.457 million mainly due to the RFS project delay, partially offset by expenses relating to a higher number of commissioned reviews.

Cash receipts were higher than budget by \$0.275 million mainly due to revenue from commissioned reviews, partially offset by lower appropriations.

There was no cash used in investing activities during the year.

14 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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Net cash from operating activities	338	3,402	235	3,399
Depreciation and amortisation expense	(367)	(347)	(367)	(347)
Decrease / (increase) in provisions	(668)	(412)	(668)	(412)
Increase / (decrease) in receivables and prepayments	694	(764)	787	(822)
Decrease / (increase) in payables	(116)	(619)	(106)	(558)
Net result	(119)	1,260	(119)	1,260

15 Administered Activities

Consolidated / IPART	2024 \$'000	2023 \$'000
Administered Assets		
Cash	1,707	1,525
Receivables	256	260
Total Administered Assets	1,963	1,785
Administered Liabilities		
Energy and Water License fees payable to the Crown	1,963	1,785
Total Administered Liabilities	1,963	1,785

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. Of the total receivables balance, \$0.251 million has been assessed as impaired whereby the debt recovery outcome is pending the completion of a liquidation process.

Administered revenues received during the year of \$20.215 million (2023 \$8.968 million) in the form of licence fees have been paid to the Crown.

16 Financial Instruments

IPART's principal financial instruments are cash, short term receivables and payables. These instruments do not expose IPART to material financial risks. 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	Notes	Category	Carrying Amount	
			2024	2023
Class			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	7,698	7,360
Receivables ¹	5	Amortised cost	715	186
Financial Liabilities				
Payables ²	8	Financial liabilities measured at amortised cost	2,488	2,379

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's payables are non-interest bearing liabilities with maturity profile of less than 1 year.

IPART	Notes	Category	Carrying Amount	
			2024	2023
Class			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	7,504	7,269
Receivables ¹	5	Amortised cost	712	90
Financial Liabilities				
Payables ²	8	Financial liabilities measured at amortised cost	2,365	2,259

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's payables are non-interest bearing liabilities with maturity profile of less than 1 year.

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. 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. Given IPART's debtors are typically other NSW government-owned entities, there is a low likelihood of default with their contractual obligations resulting in a financial loss to IPART.

IPART has not granted any financial guarantees and does not hold any collaterals.

16 Financial Instruments (cont'd)

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.

IPART's financial liabilities are non-interest bearing and have a maturity profile of less than 1 year.

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's exposure to market risk is minimal as it does not have any borrowings and investment facilities. IPART has no exposure to foreign currency risk and does not enter into commodity contracts.

c. 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.

17 Related Party Disclosures

IPART's key management personnel include, the Chairperson, 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	2024	2023
	\$'000	\$'000
Salaries and other short-term employee benefits	659	648
Long-term employee benefits	40	68
Post-employment benefits (employer superannuation contributions)	68	57
Total remuneration	767	773

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 2024 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:

- 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 (DCS) primarily for office accommodation (refer Note 2b). Payments were also made to DCS for information technology, human resources and finance support services.
- Audit fee payments made to the Audit Office of NSW (refer Note 2b)
- Defined benefit superannuation and long service leave expenses assumed by the Crown (refer Note 3d)

18 Events after the Reporting Period

There are no events subsequent to balance date which would have a material effect on 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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