

investigate  
assist.  
promote  
specify  
neutrality  
advise  
administer  
sustain ensure

**Annual Report** 2004/05



regulate  
refer  
provide  
encourage  
consider  
monitor  
protect



Independent Pricing and Regulatory Tribunal  
of New South Wales

balance



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
OF NEW SOUTH WALES

28 October 2005

The Hon. Morris Iemma MP  
Premier of NSW  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Premier

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
**ANNUAL REPORT 2004/2005**

As required by the Annual Reports (Statutory Bodies Act) 1984, I am pleased to submit the annual report of the Independent Pricing and Regulatory Tribunal for the year ended 30 June 2005.

Yours sincerely,

Handwritten signature of Michael Keating in black ink.

**Michael Keating**

*Chairman*

---

Level 2, 44 Market Street Sydney NSW 2000. All correspondence to: PO Box Q290, QVB Post Office NSW 1230  
Tel: (02) 9290 8400 Fax: (02) 9290 2061 Email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

ABN: 49 202 260 878

# IPART Annual Report 2004/05

## Contents

<b>Chairman's report</b>	<b>2</b>
<b>Chief Executive's report</b>	<b>4</b>
<b>What we do</b>	<b>6</b>
<b>Our corporate plan</b>	<b>7</b>
<b>Our principal achievements in 2004/05</b>	<b>8</b>
<b>Performance against corporate objectives</b>	<b>10</b>
<b>Key performance indicators</b>	<b>18</b>
<b>Management and structure</b>	<b>21</b>
<b>Organisational structure</b>	<b>23</b>
<b>2004/05 financial statements</b>	
Independent audit report	24
Statement on behalf of the Tribunal	25
Statement of financial performance	26
Statement of financial position	27
Statement of cash flow	28
<b>Program statement – expenses and revenues</b>	<b>29</b>
<b>Summary of compliance with financial directives</b>	<b>30</b>
<b>Notes accompanying and forming part of the financial statements</b>	<b>31</b>
<b>Our work program</b>	<b>45</b>
<b>Outline budget for 2005/06</b>	<b>46</b>
<b>Impacts of IPART's determination</b>	<b>47</b>
<b>Appendices</b>	
Appendix 1 – Legislative provisions	53
Appendix 2 – Public hearings and submissions	57
Appendix 3 – Publications	59
Appendix 4 – Staffing and consultants	61
Appendix 5 – External liason	66
Appendix 6 – Freedom of information act	71
<b>Index</b>	<b>72</b>

## the **Chairman's report**

My predecessor, Thomas Parry, commented in his last Annual Report that there has been almost exponential growth in the range and complexity of the work undertaken by IPART since it was established in 1992. As the new Chairman of IPART I believe that it has responded well to the increasing demands that have been made upon it in the past. Indeed, I would like to take this opportunity to express my appreciation of the strong organisation that Tom Parry and Jim Cox have built up, and which I have now inherited. The procedures that have been developed over the last decade or so, along with the experience gained and the team of people who have been assembled now gives NSW a considerable regulatory and advisory capacity that would be difficult to replicate.

My task as a new Chairman is, however, principally to look forward and consider the challenges that lie ahead. Perhaps the most immediate challenge is that there has been more public questioning of the role of regulators in the last year than I recall in the past. This increased questioning may in part reflect our changing circumstances. For example, until recently the present regulatory arrangements were associated with a marked reduction in prices for the major utilities providing electricity, gas and water supply services. However, the scope for efficiency gains, on which these price reductions were based, may be somewhat less in the future. While on the other hand an increasingly prosperous community is demanding higher environmental and customer service standards, and concern has been expressed in some quarters whether the rates of return on capital set by IPART (and other regulators) offers an adequate return to induce the desired rates of future investment in infrastructure.

In responding to these various concerns I am very conscious that public confidence in IPART and its determinations is critical to its success. Accordingly IPART will continue to provide the reasons for its decisions and will insist on its open and transparent processes. These processes allow all opinions to be heard and properly tested. The present processes can, however, be lengthy and I intend to work closely with the key stakeholders to see if we can improve the timeliness of our reports. At the same time I want to ensure that IPART continues to be seen to be independent from all stakeholders, including from government.

Fundamentally IPART's pricing determinations attempt to replicate the outcome that would be achieved in a competitive market, in situations where there is insufficient competition. In these situations the competitive market price is of course a hypothetical price that cannot be actually observed, and the process of establishing it inevitably requires some judgement. Furthermore, IPART is also required by its legislation to have regard to a number of other considerations as well as short and long-run economic efficiency, including most importantly environmental and equity considerations. IPART must therefore exercise some discretion in order to balance these various considerations. In exercising that discretion IPART is bound to have particular regard for the views of the Government regarding such key value judgements as questions of equity, but this does not diminish IPART's responsibility for reaching its own decisions, nor its independence from the Government. In addition, IPART is most concerned to maintain consistency in exercising its discretion, and in that way to minimise any uncertainty for business that can result from the exercise of regulatory discretion.

Another important issue that has been raised in the last year is the possibility of national regulation replacing state-based regulation. I personally consider that where there is a national market the trend will be to national regulation, although there remain some difficult issues to resolve. But in important areas, such as urban transport and urban water, there will never be a national market, and the provision of these services should respond to the needs of the individual cities. This in turn means that the regulators of these services should be as close as possible to their users, and be directly accountable to them. Furthermore the State-based regulators have established arrangements so that they can learn from each other, and the possibility of different approaches can encourage innovation.

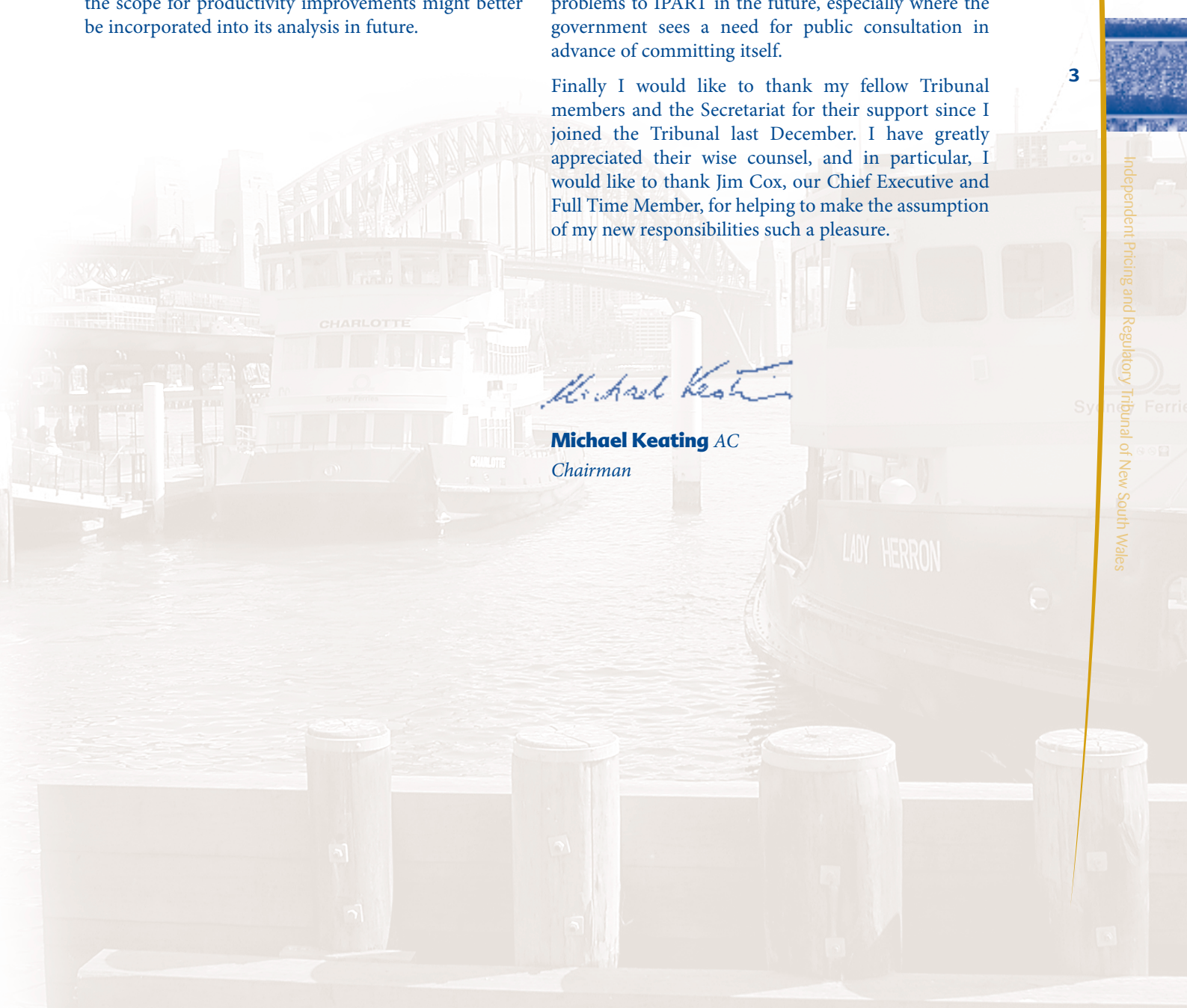


Indeed in the last year IPART has introduced a number of significant regulatory innovations. In response to the rising concern about future urban water supplies, the volumetric charge for Sydney water has been increased relative to the fixed charge; the volumetric charge has been aligned with the long-run marginal cost of water; and a new higher charge for excessive water has been introduced. While in the case of electricity, where 10 per cent of the network capacity is required to meet demand for 1 per cent of the year, price structures are being developed to encourage demand management and smooth demand, with the aim of increasing efficiency and saving on future investment. We consider there is still scope for further regulatory improvements to improve the incentives for greater efficiency, and in particular IPART is considering how the scope for productivity improvements might better be incorporated into its analysis in future.

IPART's capacity for original advice is also increasingly being called upon by the NSW Government. A number of difficult policy problems have been referred to IPART for advice in the last year. The most significant such enquiry has been into the structure of the Sydney water industry and the scope for increased participation by the private sector, especially in developing new ways to augment Sydney's water supplies. Other enquiries that have demanded new original thinking have been into the provision and funding of infrastructure for the Perisher ski resorts, the best approach for the collection of land rents from the users of communication towers occupying public land, and the appropriate price structures and financing of the NSW Ambulance Service. It is our hope that the NSW Government will refer more such difficult policy problems to IPART in the future, especially where the government sees a need for public consultation in advance of committing itself.

Finally I would like to thank my fellow Tribunal members and the Secretariat for their support since I joined the Tribunal last December. I have greatly appreciated their wise counsel, and in particular, I would like to thank Jim Cox, our Chief Executive and Full Time Member, for helping to make the assumption of my new responsibilities such a pleasure.

**Michael Keating AC**  
Chairman



## the **Chief Executive's report**

This year, 2004/05, has been another challenging period for IPART. During the year, IPART completed its work on reviewing AGLs proposed access arrangements and commenced its investigations into the pricing of metropolitan and rural water services. In addition, the Government has requested IPART's advice on a number of important matters including a challenging assignment to make proposals for a more competitive future for the water and wastewater industries in the Sydney Region. IPART has continued to administer successfully licensing regimes in energy and water, and the New South Wales Greenhouse Gas abatement scheme.

As is demonstrated elsewhere in this report, IPART's decision-making and analytical processes must meet a number of requirements if IPART is to complete successfully the wide range of tasks which it is now asked to undertake. These requirements include the following:

- ▼ Demonstrated independence of IPART's decision makers from Government and other stakeholders;
- ▼ A fair process that provides all stakeholders with the opportunity to have their views heard and taken into account
- ▼ Equitable and pragmatic outcomes that are acceptable to government, stakeholders and the NSW community;
- ▼ Predictable and consistent outcomes;
- ▼ Reasons for decisions that are written in a way that is comprehensive and easy for readers to understand;
- ▼ Efficient and effective use of resources.

IPART needs a range of capabilities if it is to meet the above requirements. These capabilities include the following:

- ▼ Experienced and impartial decision-makers;
- ▼ Adherence to administrative law principles regarding natural justice, fairness and the avoidance of bias;
- ▼ The ability and willingness to undertake extensive consultation;
- ▼ The ability and willingness to maintain a professional and mutually respectful relationship with stakeholders especially where there are areas of disagreement;
- ▼ An expert secretariat that, supplemented by the use of consultants where necessary, can draw on a wide range of skills;
- ▼ Administration systems that can store and retain a large amount of data and provide Tribunal Members with the information required for decision – making;
- ▼ High quality human resources, information technology and office accommodation;
- ▼ A corporate culture that is open, co-operative, mutually respectful and which rewards effort and achievement;
- ▼ An emphasis on identifying and managing risks to IPART's continuing success.

During 2004/05 IPART enhanced its capabilities. Some of the more important activities taken during the year are discussed below.

Following the appointment of Dr Keating as Chairman of IPART in December 2004, IPART decided to delegate decision-making on routine and less controversial issues to me as Full Time Member. This has enabled the Tribunal to emphasise consideration of the most important issues during its regular, weekly meetings.

During the year, IPART has continued to emphasise the importance of the concepts and procedures of administrative law. Training has been organised for Tribunal members and staff. In addition, IPART has published manuals that explain how it proposes to use its powers to monitor and enforce compliance with obligations arising from its licensing work and the Greenhouse Gas Abatement Scheme

Tribunal members and secretariat staff have read and carefully considered submissions that have been made to the inquiries undertaken by IPART during the year. Public hearings and workshops have been held for most inquiries. Tribunal and Secretariat members have made themselves available to hold discussions with stakeholders to better understand stakeholders' views.

IPART expanded its Secretariat during 2004 to meet the Government's expectations, for higher levels of output from IPART. At the same time, IPART has broadened the range of skills held by Secretariat members. We have, for example, recruited people with engineering expertise to assist in administering the Greenhouse Gas Abatement Scheme. During the year, IPART obtained better value for money from its consultancy budget by emphasising the transfer of skills from consultants to secretariat members and the evaluation of consultancies following completion.

During the year, IPART commenced discussions with the Public Services Association on a new award for IPART staff that will, once implemented, reinforce merit-based progression. We also commenced a project to identify the main risks facing IPART, review the adequacy of controls, recommend changes where needed and assign accountabilities for results.

In last years Annual Report I noted that it was "important that IPART continues to be a place that attracts talented young people and offers them opportunities to use their talents and learn new skills. At the same time, IPART must insist that the work undertaken for it meets the highest possible standards." I hope that we were successful in meeting this challenge during 2004/05.

I would also like to end this report by thanking IPART's Chairman, Dr Michael Keating, for advice and assistance from the date of his appointment. I would also like to thank IPART's executive for advice during the year and all IPART staff for professional assistance and support.



**James Cox**

*Chief Executive Officer  
Full Time Member*

# IPART **What we do**

**IPART is an independent body that oversees regulation in the water, gas, electricity and public transport industries in NSW. When it was established by the NSW government in 1992, its primary purpose was to regulate the maximum prices charged for monopoly services by government utilities and other monopoly businesses. Since then, its responsibilities have increased significantly.**

## **Charter**

IPART now has seven core functions, which are conferred by legislation, codes and access regimes established by legislation.<sup>1</sup> These functions are to:

- ▼ set maximum prices for monopoly services provided by government agencies in NSW (including water and public transport)
- ▼ regulate revenues or prices of electricity networks under the National Electricity Code and electricity legislation
- ▼ regulate natural gas pricing and third party access to gas networks
- ▼ administer licensing or authorisation of water, electricity and gas businesses, and monitor compliance with licence conditions
- ▼ register agreements for access to public infrastructure assets and arbitrate disputes about these agreements
- ▼ investigate complaints about competitive neutrality referred by the Government
- ▼ administer the Greenhouse Gas Abatement Scheme and its Register of abatement certificates.

In addition, IPART can be asked to:

- ▼ advise the NSW Government or its agencies on issues such as pricing, efficiency, industry structure and competition
- ▼ assist other Australian regulators and government bodies on a fee for service basis.

IPART provides an integrated system of economic regulation and licence regulation in NSW that covers both pricing for water, electricity network and gas industries and monitoring licence compliance for water, electricity and gas.

## **Purpose and objectives**

IPART's specific purpose varies according to the different regulatory arrangements in the industries it regulates. However, in general, its goals are to:

- ▼ regulate monopoly utility prices
- ▼ promote competition (or simulate its effects) in regulated industries
- ▼ protect consumers by ensuring the quality and reliability of regulated services and by considering the social impacts of its decisions
- ▼ monitor the way utilities comply with their license obligations
- ▼ encourage economic efficiency and reinvestment in infrastructure
- ▼ encourage environmental sustainability
- ▼ promote a stable regulatory environment
- ▼ investigate complaints about competitive neutrality referred by the Government.

In addition, IPART regulates access prices for electricity and gas networks under the National Electricity Code and the National Gas Code.

The legislation under which IPART is constituted<sup>2</sup> stipulates that in relation to the content of its determinations and recommendations, it is not subject to the control or direction of any government minister. This provision ensures that IPART is able to pursue these goals through rational, objective processes and that its decisions are not influenced by political interests.

<sup>1</sup> These include the Independent Pricing and Regulatory Tribunal Act 1992, the Gas Supply Act 1996, the Electricity Supply Act 1995, the National Electricity (NSW) Law 1997 and the Transport Administration Act 1996.

<sup>2</sup> The Independent Pricing and Regulatory Tribunal Act 1992



# IPART **Our corporate plan**

## **Mission**

Based on the purpose and objectives outlined above, and its appreciation of the economic value it impacts, IPART sees its mission as:

**To deliver economic, social and environmental benefits to the NSW community through regulation that:**

- ▼ is fair and rational
- ▼ is open and transparent
- ▼ balances the competing interests of stakeholders
- ▼ promotes an increasingly competitive environment, and
- ▼ promotes access to infrastructure facilities.

## **Vision**

In pursuing this mission, IPART's vision is:

**To be at the forefront of regulation globally, and be respected by key stakeholders for the quality and impartiality of its decisions and the independence, efficiency and effectiveness of its decision-making and advisory processes and practices.**

## **Service philosophy**

In pursuing its mission and vision, IPART is guided by a set of principles based on its philosophy of regulation and understanding of best practice in regulation:

- ▼ Maintain strict **independence** of decisions from Government and all other stakeholders.
- ▼ Ensure the entire regulatory and licensing processes are **transparent**.
- ▼ **Encourage competition** and minimise the need for regulation wherever possible.
- ▼ **Consult widely** and effectively with all stakeholders.
- ▼ Use **incentive-based** regulation to encourage better services, innovation and efficiency.
- ▼ Seek **equitable outcomes** by balancing the interests of the regulated entity, its customers and other stakeholders.
- ▼ Aim for **pragmatic outcomes**, that can be achieved without significant operational difficulties.
- ▼ Ensure processes are **predictable** and **consistent**.
- ▼ Adhere to the highest **professional standards**.
- ▼ Use resources as **effectively** and **efficiently** as possible.

# Our **principal achievements** in 2004/05

## **Metropolitan water**

- ▼ Price determination for Gosford City Council/ Wyong Shire Council for 2005/06
- ▼ Price determination for Sydney Catchment Authority/Sydney Water Corporation/Hunter Water Corporation for 2005/06 to 2008/09
- ▼ S9 Investigation into water and wastewater service provision in the Greater Sydney Region
- ▼ Price determination for backlog sewerage services – Gosford to apply from 1 July 2006
- ▼ Price determination for recycled water
- ▼ Price determination for developer charges – Wyong
- ▼ Register development servicing plans (ongoing)

## **Bulk water**

- ▼ Price determination for bulk water services provided by State Water and Department of Infrastructure Planning and Natural Resources for 2005/06

## **Water licensing**

- ▼ Review of the operating licence of Sydney Water for operation from 1 July 2005
- ▼ Review of the operating licence of Sydney Catchment Authority for operation from 1 January 2006 (issues papers)
- ▼ Review of the Interim licence of State Water for operation from 1 July 2005
- ▼ Annual audit of the operating licences for Sydney Catchment Authority, Sydney Water and Hunter Water for 2003/04

## **Rail access**

- ▼ Audit aspects of rail access undertaking 2003/04
- ▼ Determine key parameters for application in the NSW Rail undertaking (mine life, rate of return)

## **Transport fares**

- ▼ Recommend taxi fares for 2005/06
- ▼ Determine/recommend fares for State Transit Authority, Sydney Ferries, Private Ferries, Private Buses 2005

## **Ambulance services**

- ▼ Review of financial aspects of ambulance services NSW (commenced)

## **Energy**

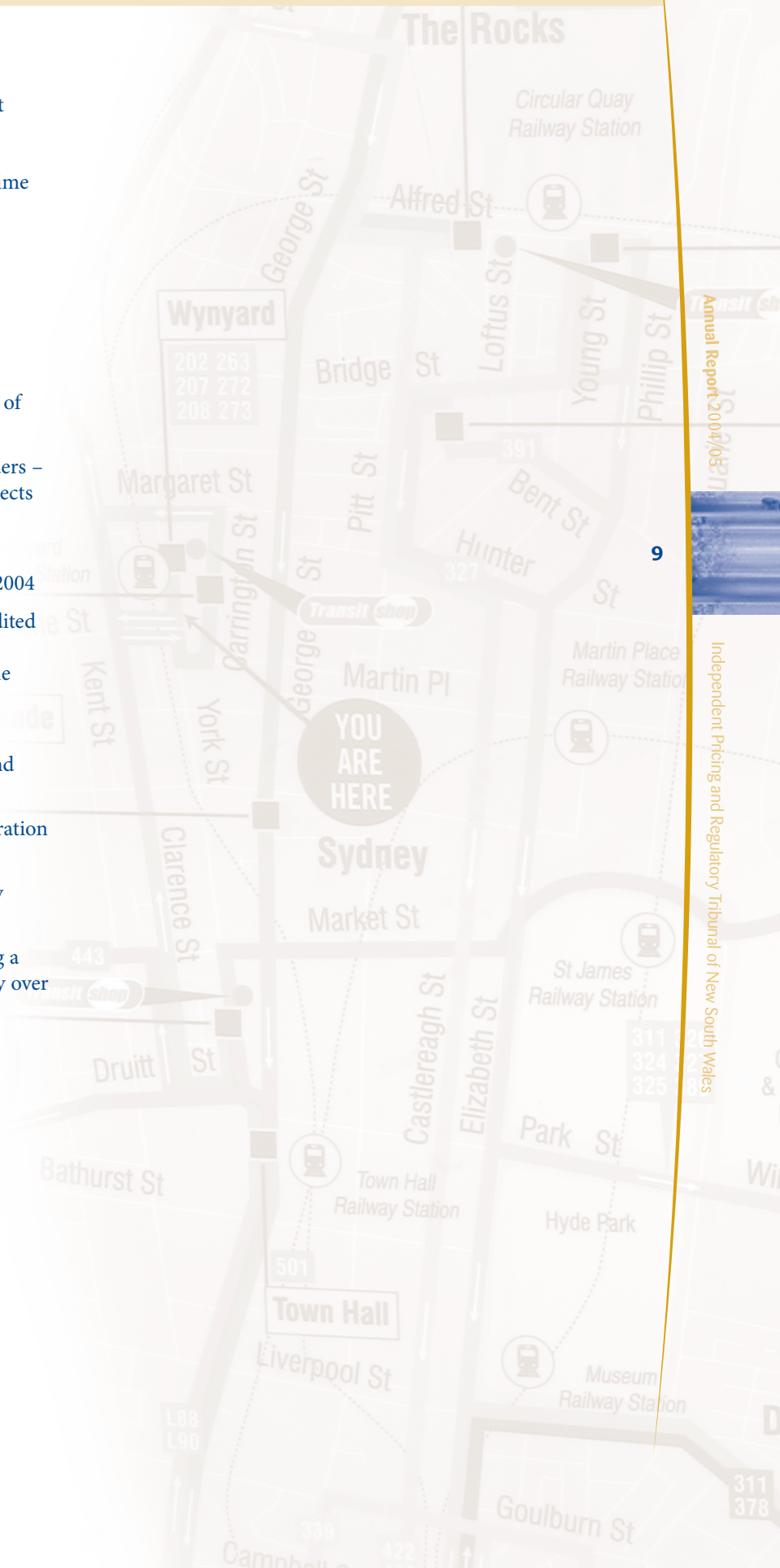
- ▼ Monitor Compliance with current electricity determinations
- ▼ Price and Service Report for NSW Distribution Network Service Providers
- ▼ Continue 6 monthly reporting for those licence holders supplying consumers in the “small customer” market (annual bill less than \$16,000)
- ▼ Review of AGLGN’s revised access arrangement for access to the gas network in and around Wagga
- ▼ Review of Country Energy’s revised access arrangement for access to the gas network in and around Wagga (commenced)
- ▼ Telecommunication Towers on public land (commenced)
- ▼ Annual Licence Compliance Report to Minister (commenced)

## Analysis and Policy Development

- ▼ Household Survey – Energy Research Report
- ▼ Perisher Review
- ▼ Rate of Return applicable to Rail Access Regime
- ▼ Gambling Governance Structures

## Greenhouse Gas Scheme Administrator

- ▼ Prepare report on operation and compliance of Scheme for 2004 calendar year
- ▼ Accreditation of abatement certificate providers – 116 accredited in 2004 calendar year, 52 projects accredited in the first half of 2005
- ▼ Framework of accrediting future projects completed and implemented in second half 2004
- ▼ Creation of Abatement Certificates by accredited providers – 7,652,909 created for the 2004 compliance year and 15,360,044 from Scheme commencement to 30 June 2005
- ▼ Compliance and monitoring strategy for abatement certificate providers completed and approved
- ▼ Accreditation framework for carbon sequestration in forests completed
- ▼ First carbon sequestration project by forestry abatement certificate provider accredited
- ▼ Public Forum hosted by IPART “Establishing a Market for Carbon in NSW” and attended by over 200 participants



# Performance against Corporate Objectives

Throughout this financial year, IPART particularly focused on meeting five core objectives:

1	To reach a reasonable, balanced answer
2	To demonstrate a fair and open process
3	To apply a rigorous and credible approach to our work
4	To manage resources efficiently and effectively
5	To administer the Greenhouse Gas Abatement Scheme

A summary of its key actions and progress towards meeting these objectives is provided below.

## 1. Reach a reasonable, balanced answer

In its commitment to achieving a balanced regulatory answer in the face of the increased breadth and complexity of its role, IPART is continuing to strive to be at the forefront of regulation.

The following table provides a summary of the implementation of IPART's strategic commitments in 2004/05:

Strategy	Action	Progress to 30 June 2005
Continue to monitor developments in other jurisdictions	<ul style="list-style-type: none"> <li>Participate in Australian Regulators Forum</li> </ul>	<ul style="list-style-type: none"> <li>Senior staff participated in the Utility Regulators Forum, National Water Regulators' senior officials group, the Steering Committee on Energy Retail Consistency and the Electricity Distribution Regulators Policy Group.</li> </ul>
	<ul style="list-style-type: none"> <li>Collaborate with other regulators in research activity, including developing joint research programs</li> </ul>	<ul style="list-style-type: none"> <li>IPART subscribes to public releases on local and overseas regulatory developments (eg, from Australian Water Association, UK Office of Water, the American Water Works Association and the UK Office of Gas and Electricity Marketing).</li> <li>IPART met with Australian regulators in relation to water and public transport industries to discuss common issues.</li> <li>Engaged the Essential Services Commission to conduct a peer review of the draft report on the metropolitan water industry structure.</li> <li>Staff contributed to inter-jurisdictional Working Groups on the National Electricity Code and Retail Electricity.</li> <li>IPART supported the establishment of the Australian Centre of regulatory Economics (ACORE) at the Australian National University.</li> </ul>
	<ul style="list-style-type: none"> <li>Participate in seminars/conferences</li> </ul>	<ul style="list-style-type: none"> <li>Staff participated in the annual Australian Competition and Consumer Commission conference.</li> <li>Staff presented to a number of local and overseas conferences and workshops – see Appendix 3 for details.</li> </ul>

Strategy	Action	Progress to 30 June 2005
Continue to monitor and report on impacts of its decisions to ensure they have no unintended consequences		<ul style="list-style-type: none"> <li>▼ IPART conducted the annual compliance assessment of electricity network, and regulated retail tariffs for both electricity and gas.</li> <li>▼ The relevant industry teams conducted annual compliance assessment of prices charged by water and transport agencies.</li> <li>▼ The Transport team reviewed and published household income profile of transport users by transport mode and ticket type.</li> <li>▼ The industry teams also liaised with the Energy and Water Ombudsman of NSW to monitor complaints and their investigation.</li> <li>▼ The Water team examined and published impact on metropolitan water bills of changes to price levels and price structures.</li> <li>▼ IPART undertook a comprehensive survey of energy and water customer characteristics to develop customer impact analysis for future reviews.</li> </ul>
Continue to research and adopt improved regulatory techniques and approaches	<ul style="list-style-type: none"> <li>▼ Interpret statutory requirements and ensure compliance</li> <li>▼ Establish and apply criteria for assessing form of regulation</li> <li>▼ Establish in-house knowledge and peer review</li> <li>▼ Establish best practice and transparent processes</li> </ul>	<ul style="list-style-type: none"> <li>▼ All IPART's determinations and licence investigations were subject to legal review (eg, metropolitan and bulk water price determinations, State Water, Sydney Water Corporation and Sydney Catchment Authority licence reviews).</li> <li>▼ IPART released issues papers for each of its major investigations (eg, metropolitan water prices, taxis, rental arrangements for communication sites on Crown land, and ambulance fees).</li> <li>▼ IPART engaged external industry specialists to supplement internal resources in the audit of operating licences (eg SWC, SCA and HWC), audit of ETEF, review of the total costs of AGLGN and Country Energy gas access arrangements, customer service indicators and the setting of mine life under the NSR rail access regime, the review of demand and operating/capital expenditure forecasts for metropolitan water service providers, and performance indicators for State Water.</li> <li>▼ IPART held peer review sessions as part of each investigation. It also undertook post-investigation reviews (and reported results to the Tribunal), and held regular team meetings to review approach and discuss way forward.</li> <li>▼ IPART refined its comprehensive quality assurance process applying to all publicly released reports. The process is managed by a dedicated team reporting directly to the Chairman and CEO.</li> <li>▼ During 2004/05 IPART undertook an extensive internal review to analyse its work process to improve the consistency and transparency of its decisions.</li> <li>▼ IPART held regular discussions with key stakeholders on key issues. The Water team met with the Metropolitan Water Reference Group and there were quarterly meetings with Energy and Water Ombudsman of NSW.</li> </ul>

continued

Strategy	Action	Progress to 30 June 2005
Provide more reasoned explanations of decisions	▼ Establish best practice report writing	▼ IPART continued to focus on the quality of its reports, both their structure and style. In particular, it aimed to include clear and logical explanations of the Tribunal's decisions and decision-making process. The in-house training program was repeated for new staff and IPART also contracted external expert editorial advice.

## 2. Demonstrate a fair and open process

IPART recognises that wide and effective consultation with all its stakeholders, to explain the regulatory process and encourage debate about industry outcomes and regulatory methods, is critical to its credibility and relevance.

Progress in following strategies to improve processes in 2004/05 include:

Strategy	Action	Progress to 30 June 2005
Hold regular meetings with key stakeholders	▼ Establish and implement program for meeting with key stakeholder groups	▼ There were regular meetings with the Transport Reform Taskforce, Metropolitan Water Reference Group and other key stakeholders and government agencies.
Encourage and facilitate stakeholder involvement	▼ Adopt technology and processes to make participation in investigations easier	▼ IPART continued to provide up-to-date information about its role and activities on its website. All its reports were available from this site (as well as in hard copy). It also continued to redesign the site to allow easier navigation, provide a search capability and increase interactivity.
	▼ Publish timetables for reviews and release discussion papers and draft determinations	▼ IPART published and updated timetables for all the reviews it undertook this year, on its web site, in issues papers and in Notices.
	▼ Continue to hold public seminars and hearings	▼ IPART held a number of public seminars and hearings (see Appendix 2 for more detail).
		▼ As part of the Review of AGLGN revised access arrangement, IPART conducted five public forums allowing all stakeholders to present their submissions on demand forecast, total costs and the draft Tribunal decision.
		▼ Public hearings were held for the metropolitan water price investigation and determination of bus and ferry fares.
	▼ Workshops were held for the reviews of State Water, Sydney Water and Sydney Catchment Authority operating licences.	
	▼ A presentation was made on the outcomes of the operating licence audit to the Hunter Water Consultative Forum.	
▼ Articulate the information IPART requires from businesses and agencies it regulates	▼ Key stakeholder groups were briefed on Tribunal determinations and recommendations.	
▼ Seek the views of the "average" customer	▼ IPART published the outcome of the metropolitan water agencies licence audit.	
	▼ IPART applied the outcomes of a major household survey of energy and water use characteristics within Sydney, Blue Mountains and the Illawarra to help inform electricity and water reviews and improve understanding of customer inputs.	

Strategy	Action	Progress to 30 June 2005
Explain IPART's decision making processes and its rationale for decisions	<ul style="list-style-type: none"> <li>▼ Explain decision-making processes through issues papers and reports</li> </ul>	<ul style="list-style-type: none"> <li>▼ Publicly released reports were edited to improve presentation and clarity.</li> <li>▼ Reports were subject to legal review to ensure compliance with legal requirements to explain decisions and decision making.</li> <li>▼ IPART has continued to use its publications to explain its processes and the basis of its decision.</li> </ul>
Seek feedback on stakeholder perceptions of IPART's integrity, processes, and quality of work	<ul style="list-style-type: none"> <li>▼ Survey stakeholder perceptions every two years</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART surveyed stakeholders in 2003/04 to seek feedback on perceptions of processes and credibility.</li> </ul>

### 3. Apply a rigorous and credible process

IPART's focus on enhancing the quality of its work and the rigour of its processes continues.

These highlights from 2004/05 illustrate the strategies being followed in this area:

Strategy	Action	Progress to 30 June 2005
Recruit additional senior staff		<ul style="list-style-type: none"> <li>▼ Recruitment of staff continued but the increase in numbers will be realised next financial year.</li> </ul>
Continually improve internal analytical tools and processes	<ul style="list-style-type: none"> <li>▼ Implement information management strategy</li> <li>▼ Establish library/information supply service</li> </ul>	<ul style="list-style-type: none"> <li>▼ Due to the critical importance of the records management processes, IPART commenced planning for an upgrade to TRIM context, which will provide a more flexible and customised platform.</li> <li>▼ IPART invested in a new statistical software package and associated training to enhance in-house analysis.</li> <li>▼ This year IPART subscribed to new on-line databases and increased services to improve its research resources.</li> </ul>
Make better use of internal and external legal advice		<ul style="list-style-type: none"> <li>▼ Increased in-house legal resources combined with greater, targeted use of external legal advice allowed IPART to review a significant number and range of legal matters.</li> </ul>
Make better use of consultants	<ul style="list-style-type: none"> <li>▼ Establish criteria for using consultants</li> </ul>	<ul style="list-style-type: none"> <li>▼ A separate panel contract for audit and technical advice services was established for the Greenhouse Gas Abatement Scheme.</li> </ul>
Apply high standards of ethical and professional work standards	<ul style="list-style-type: none"> <li>▼ Ensure protection of confidential data consistent with statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>▼ The professional standards and behaviour policy was reviewed as part of a systematic revision of policies and procedures.</li> </ul>

continued

#### 4. Manage resources efficiently and effectively

IPART's commitment to excellence, continuous improvement and value for money is demonstrated through innovation, collaboration, sector-wide government initiatives and the use of technology.

Examples of how these strategies were implemented in the reporting period include:

Strategy	Action	Progress to 30 June 2005
Review profile of workforce to match skill set with organisational needs	<ul style="list-style-type: none"> <li>▼ Undertake skill set audit and associated training needs analysis</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART committed to a program of executive development, involving skills analysis and a targeted approach to training and coaching of each senior manager.</li> </ul>
Become preferred employer by offering development opportunities and family friendly work practices	<ul style="list-style-type: none"> <li>▼ Encourage healthy lifestyle at work</li> <li>▼ Leverage external resources for supplementary specialist skills (eg. engineering) and manage peaks in workload</li> <li>▼ Reward staff with accelerated increments for outstanding performance</li> <li>▼ Support flexible working conditions</li> </ul>	<ul style="list-style-type: none"> <li>▼ Corporate sports teams and weekly yoga classes are encouraged to promote health and well-being.</li> <li>▼ The panel contract provides breadth of coverage for the range of additional skills required, supplemented by tenders where necessary.</li> <li>▼ One element of the performance reviews is the provision for accelerated progression as recognition for outstanding performance.</li> <li>▼ IPART supports work life balance initiatives and offers flexible working conditions to attract and retain staff.</li> </ul>
Provide systematic training and other skill building opportunities for staff	<ul style="list-style-type: none"> <li>▼ Provide training that meets individual and organisational needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ By encouraging individual development IPART recognises staff as a key resource. Opportunities to improve are provided through the performance management feedback system. The following areas have been made available to staff this year: <ul style="list-style-type: none"> <li>▼ On-the-job feedback and coaching</li> <li>▼ Special projects and higher duties</li> <li>▼ Secondment opportunities to other agencies</li> <li>▼ Formal education</li> <li>▼ Conferences</li> <li>▼ Forums and work related course learning</li> </ul> </li> <li>▼ A seminar on administrative law was presented to all managers and senior officers.</li> <li>▼ Awareness sessions were conducted for all staff members on help provided through the Employee Assistance Program.</li> <li>▼ IPART sponsored a number of officers to attend training specific to the needs of staff of regulatory bodies, with the Australian Centre of Regulatory Economics (ACORE).</li> </ul>



Strategy	Action	Progress to 30 June 2005
Work with other public sector agencies to achieve economies of scale	<ul style="list-style-type: none"> <li>▼ Continuously improve systems and processes</li> </ul>	<ul style="list-style-type: none"> <li>▼ In cooperation with the Central Corporate Services Unit, IPART now has improved access to financial and human resources data online. Data is available for downloading and formatting for in-house reporting.</li> <li>▼ The TRIM records management system was upgraded to take advantage of enhanced features to enable business processes to be streamlined.</li> <li>▼ The Natural Resources Commission is a small, independent advisory agency like IPART, which is providing key corporate services to the Commission, resulting in efficiencies for both organisations.</li> </ul>
Continuously improve systems and services	<ul style="list-style-type: none"> <li>▼ Ensure corporate services are effective, cost efficient and meet the needs of the agency</li> <li>▼ To ensure a high standard of IT security is provided, with ongoing monitoring and enhancements as required</li> <li>▼ To ensure the Business Continuity Plan meets business needs</li> <li>▼ To ensure software and hardware are in line with current business needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ The corporate services team reviewed processes and systems to better meet organisational needs. Areas updated include               <ul style="list-style-type: none"> <li>▼ Administrative procedures manual</li> <li>▼ Induction and separation procedures</li> <li>▼ Improved recording of visitor information</li> <li>▼ Human resources procedures</li> <li>▼ Improved access to HR management reports</li> </ul> </li> <li>▼ Implemented Induction procedures for contract and consultancy personnel.</li> <li>▼ IPART has maintained its AS7799 Security certification following 6 monthly audits.</li> <li>▼ IPART updates its Business Continuity Plans on a yearly basis to ensure it adequately addresses any changes to business needs. This year it also conducted a live test run of its BCP.</li> <li>▼ IPART continued to maintain system currency and upgrade its capacity and security measures protecting the integrity of data.</li> </ul>
Embrace Government commitment to electronic service delivery	<ul style="list-style-type: none"> <li>▼ To provide all appropriate publications and transactions on the internet</li> <li>▼ To develop a separate web site for the Greenhouse Gas Abatement Scheme</li> </ul>	<ul style="list-style-type: none"> <li>▼ The release of the new website was delayed by the volume of data to be entered and is expected to be completed by the end of 2004. All current information continues to be available on the static site</li> <li>▼ Following the increase in information on the website developed for the Greenhouse Gas Abatement Scheme, IPART commenced a review of the structure and contents.</li> </ul>

continued

Strategy	Action	Progress to 30 June 2005
Make effective use of equipment and systems	▼ Develop asset management plan and procurement processes	▼ IPART reviews its asset plan yearly to respond growth in IPART and its asset base.
	▼ Implement improved IT and office security (including disaster recovery plan)	▼ Improved productivity and functionality was achieved in selection of replacement photocopiers and printers.
	▼ Ensure all systems can cope with additional growth	▼ IPART completely revised its 3-year IT Strategic Plan to respond to changes in government requirements and the agency's changing business demands.
		▼ A new database was developed to streamline data recording and report generation for the licence compliance areas.
		▼ IPART implemented a virtual private network to provide faster, more secure and more reliable remote access.

## 5. Administer the Greenhouse Gas Abatement Scheme

Strategy	Action	Progress to 30 June 2005
Administer the Greenhouse Gas Abatement Scheme	▼ Develop and refine systems, assessment frameworks, documentation and information for participants	▼ Developed framework for assessment and accreditation of first carbon sequestration by forestry abatement projects.
		▼ Developed procedures and documentation to enable accreditation of future projects.
		▼ Documented case studies on accreditation to assist potential abatement certificate providers.
		▼ Participated in Rule change processes to improve the clarity and operation of the Scheme.
		▼ Implemented a communications strategy to ensure information about the Scheme is available to potential participants.
		▼ Hosted a public forum on Scheme to update interested parties and conducted workshops for scheme participants.
		▼ Commenced development of a new website for the Scheme.
		▼ Recruited and developed specialist technical staff to assist with Scheme Administrator functions.
Maintain a registry of abatement certificates	▼ Operate an on-line Registry	▼ Managed external provider of a high integrity, user friendly on-line Registry.
		▼ Commissioned an independent audit of Registry security.
		▼ Collected over \$1.15 million in administered revenue. Registry successfully handled all transactions in 04/05 in under 5 seconds.
		▼ Developed, tested and implemented a significant Registry software upgrade.
		▼ Commissioned an independent audit of Registry operations and processes.

Strategy	Action	Progress to 30 June 2005
Accredit abatement certificate providers and monitor Scheme	▼ Assess and accredit abatement certificate providers in accordance with Scheme Act, Regulation and Rules	▼ Accredited 73 individual projects bringing total to 186 at 30 June 2005.
	▼ Ensure integrity of Scheme through robust accreditation assessment	▼ Accredited providers created 7.7 million certificates in 2004/05 and a total of 15.3 million from Scheme commencement to 30 June 2005.
	▼ Monitor and audit ongoing compliance by accredited abatement certificate providers	▼ Conducted Auditor Training program and held feedback workshop with members of Audit and Technical Services Panel. ▼ 45 audits of accredited abatement certificate providers conducted in 2004/05. ▼ Completed the second report on the operation of and compliance with the Scheme for 2004 and presented the report to the Minister for Energy and Utilities on 30 June 2005.

## Achievement of Objectives

One factor affecting the achievement of IPART's operational objectives relates to the vacancy of the Chairman's role following the resignation of the previous Chairman in April 2004. The Full Time Tribunal Member, James Cox, took on the role of Acting Chairman but the position remained vacant until 17 December 2005, increasing the workload of the remaining Tribunal members for the first six months of the financial year. IPART was nevertheless able to meet all the target dates of projects.

## Key performance indicators

The following measures were developed as part of IPART's Results and Services Plan, the service delivery and funding plan prepared by agencies to demonstrate the relationship between the services they deliver and the results they are working towards.

Planned result	Result indicator	2002/03	2003/04	2004/05	2005/06
		ACTUAL	ACTUAL	ACTUAL	ESTIMATE
<b>Competitive business environment in NSW<sup>3</sup></b>					
<b>Intermediate result:</b>					
<ul style="list-style-type: none"> <li>▼ Independent oversight of prices for energy, transport and water services</li> </ul>	<ul style="list-style-type: none"> <li>▼ Graph of real cost to public over time</li> </ul>	2002/03 Annual Report	2002/03 Annual Report	"Impacts" statement in this report	*
	<ul style="list-style-type: none"> <li>▼ Graph of real cost to businesses over time</li> </ul>	2002/03 Annual Report	2002/03 Annual Report	"Impacts" statement in this report	*
	<ul style="list-style-type: none"> <li>▼ Perceived quality of leadership – practical outcomes and independence (expressed as % from stakeholder survey)</li> </ul>	77%	76%	No new survey data	*
<b>Healthy and sustainable energy and water supplies in NSW</b>					
<b>Intermediate result:</b>					
<ul style="list-style-type: none"> <li>▼ Suppliers of energy and water meet licence obligations</li> </ul>	<ul style="list-style-type: none"> <li>▼ Acceptance by Ministers of annual water and energy compliance reports</li> </ul>	4 reports	4 reports	5 reports	5 reports
<ul style="list-style-type: none"> <li>▼ CO<sub>2</sub> reduction targets are monitored and enforced</li> </ul>	<ul style="list-style-type: none"> <li>▼ Tonnes per capita CO<sub>2</sub> emissions in NSW from electricity usage</li> </ul>	8.65	8.31	7.96	7.62

Services delivered	Services measure <sup>4</sup>	2002/03	2003/04	2004/05	2005/06
		ACTUAL	ACTUAL	ESTIMATE	ESTIMATE
<b>1. Licence monitoring and enforcement</b>					
<b>Key services:</b>					
▼ Monitoring of water licences	▼ Acceptance by Minister of annual water compliance reports	3 reports	3 reports	3 reports	3 reports
▼ Monitoring of energy licences	▼ Acceptance by Minister of annual energy compliance reports	1 report	1 report	2 reports	2 reports
▼ Administration of Greenhouse Gas Abatement Scheme targets	▼ # of accredited certificate providers (per year)	8	113	100	100
	▼ # of abatement certificates registered (per year)	nil	7,600,000	7,600,000	8,500,000

<b>2. Pricing of water, transport and energy</b>					
<b>Key services:</b>					
▼ Wide consultation on issues	▼ Perceived quality of consultation processes (expressed as % from stakeholder survey)	83%	79%	No new survey data	*
▼ Rigorous process of review	▼ Perceived professionalism of staff (expressed as % from stakeholder survey)	78%	92%	No new survey data	*
▼ Fair and balanced decisions	▼ Perceived clarity of reports (expressed as % from stakeholder survey)	70%	86%	No new survey data	*
	▼ # of public hearings, forums and workshops	21	14	12	20
	▼ # of papers and reports	40	42	51	45

# Management and **structure**

**IPART is headed by a Tribunal that comprises three permanent members, plus temporary members, who are appointed by the Premier. The Tribunal is supported by a Secretariat that provides research and advisory services.**

## The Tribunal

### Permanent members



**Chairman**

#### **Dr Michael Keating**

*AC, FASSA, FIPA, BCom (Hons), PhD, D.Univ (Honorary)*

Appointed for three years from 17 December 2004. Visiting Fellow in the Economics Program in the Research School of Social Sciences at the Australian National University. Formerly Head of the Australian Public Service and Secretary to the Department of Prime Minister and Cabinet (1991 to 1996). Head of the Department of Employment and Industrial Relations (1983 to 1986), and Head of the Department of Finance (1986 to 1991).



**Full-time Member and CEO**

#### **Mr James Cox**

*BSc (Econ) (Hons), MA (Econ)*

Appointed for five years from 22 February 1996. Reappointed for an additional five-year term from 22 February 2001. Former Principal Adviser, Government Pricing Tribunal/IPART, 1992-96. Consultant, NSW Cabinet Office, 1989-92. Principal Economist, Office of EPAC, 1986-89.



**Part-time Member**

#### **Ms Cristina Cifuentes**

*BEC, LLB(Hons)*

Appointed 9 September 1996 to 8 September 2000 to assist with gas regulation issues. Re-appointed 1 July 2000 to 30 June 2003 and 1 July 2004 to 2006 as part-time member. Currently also a Board member of NSW Treasury Corporation and First State Super. Previously Investment Strategist/ Group Economist with BNP Investment Management, Senior Economist with NSW Treasury and with Rothschild Australia, and Head of Legal Policy, Australian Securities Commission. Formerly a member of the Premier's Council for Women.

### Temporary members

#### **Warren Musgrave**

*MSc Agr, PhD*

Appointed 22 February 1996 to 31 December 2000 to assist with reviews of the pricing policies of local water authorities and of rural bulk water pricing. Re-appointed 27 February 2001 to 31 January 2002. Re-appointed 1 February 2003 to 30 June 2004. Re-appointed 1 July 2004 to 31 December 2005. Emeritus Professor of Agricultural Economics at the University of New England. Catchment Assessment Commissioner, 1995. Special Adviser, Natural Resources to the Premier's Department, 1995-2000.

#### **David Brett**

*MBA, BEc, BA*

Appointed 1 November 2004 for three years. Economics adviser to the NSW Premier's Department 1986, a Director of Pricewaterhouse Coopers 1999 – 2003 and later an independent economics adviser.

## Meeting frequency and attendance

Throughout the year, the Tribunal held 47 meetings and 19 delegated meetings, and hosted a number of public hearings, forums and workshops. More detail about these meetings and each member's attendance is provided in Appendix 2.

## The Secretariat

IPART's Secretariat assists the Tribunal in its work, by providing research and advisory services, and supporting investigations and public processes.

Most of the professional staff members are highly experienced economists and financial/accounting analysts. They work in industry-based teams, undertaking research, investigation and analysis to provide professional advice to the Tribunal. General Counsel and legal staff provide legal advice on the increasingly complex regulations governing utility operations.

The Secretariat also includes a support services team that provides information technology, general administrative, and personnel support to the operational areas. This team also manages IPART's processes, including the public registry, submissions, and the preparation and publication of reports and the website.

With most investigations, the Secretariat also needs to commission consultants to undertake additional research and provide the Tribunal with the highest quality advice on often complex topics. If necessary, it can also second staff from other government agencies to assist with particular investigations.

## Senior officers

The Secretariat is headed by six senior managers, who report to the Chairman. These are:



### Special Adviser, Analysis and Policy Development

#### Steve Lyndon

Responsible for maintaining the intellectual rigour of the approach to regulation and ensuring the consistency of reviews.



### Director Energy

#### Fiona Towers

*BCom (Accounting and Finance),  
MCom (Economics and  
Econometrics)*

Responsible for managing energy industry programs. Fiona is also managing the Analysis and Policy unit in Eric's absence.



### Director Water and Transport

#### Colin Reid

*BCom (Accounting), ASIA, CPA*

Responsible for managing water and transport industry programs.

## Senior officers continued



### General Manager Support Services

#### **Meryl McCracken**

*BA, Dip Lib, Dip PSM*

Responsible for providing support services including human resources, office services, finance and information technology. Meryl represents small agencies on the Treasury Managed Fund Advisory Board.



### General Manager Greenhouse Gas Abatement Scheme

#### **Christopher Spangaro**

Responsible for the administration of the Greenhouse Gas Abatement Scheme.



### General Counsel

#### **Ray Steinwall**

*BEC, LLB, LLM*

Responsible for the provision of legal advice to the Tribunal and the management of the legal team.

## Internal committees

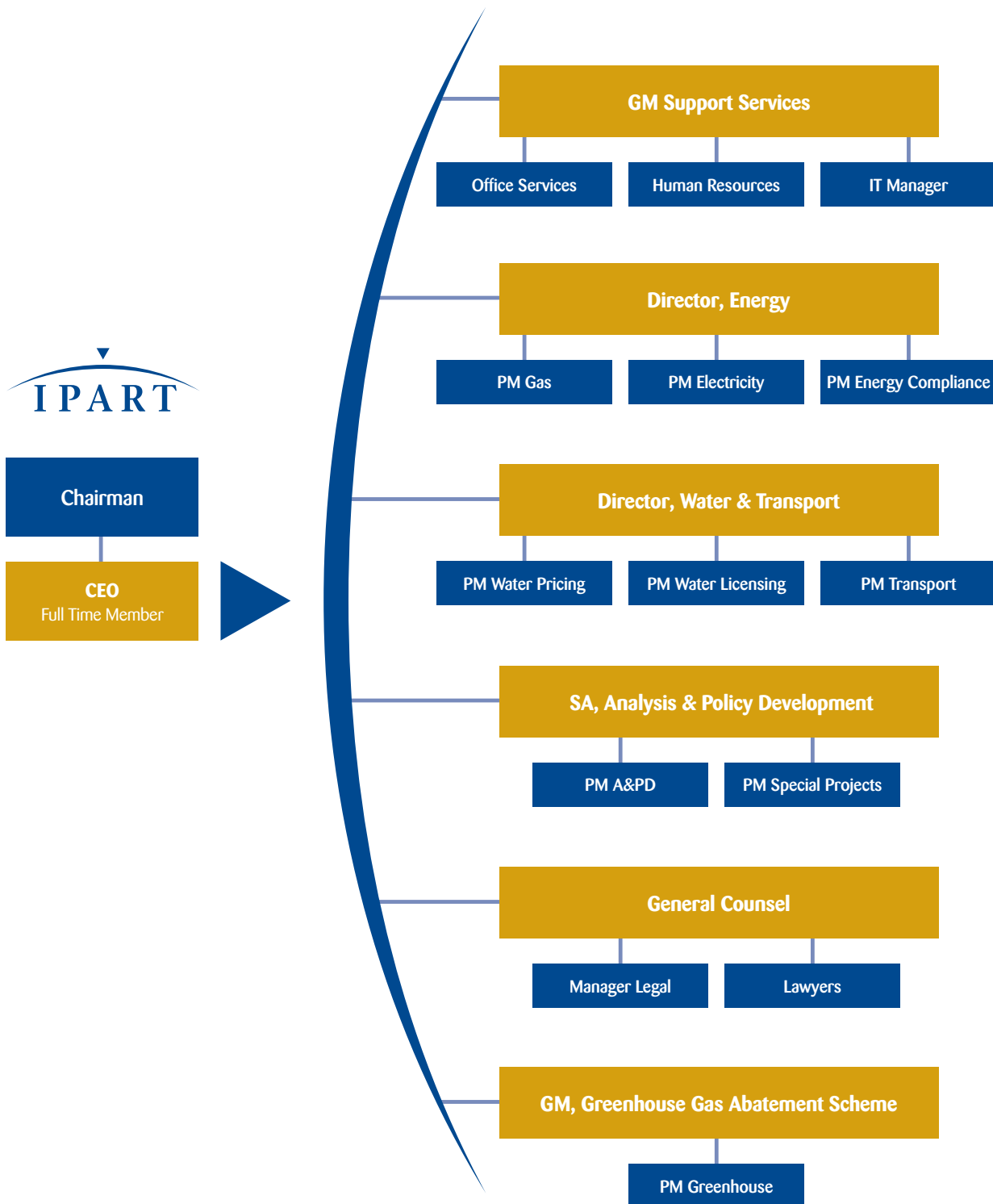
IPART's Core Executive consists of the Tribunal's Chairman and Full time Member plus the Directors of Energy, Water and Transport, and Analysis and Policy Development, the General Manager Support Services, the General Manager Greenhouse Gas Abatement Scheme and the General Counsel. Throughout the year, this group met regularly, at approximately two week intervals. Other Managers and General Counsel attended meetings as required. The purpose of these meetings was to review the Secretariat's current work program and ensure that the Chairman was adequately briefed on all relevant issues.





# Organisational structure

as at June 2005



# 2004/05 financial statements

for the year ended 30 June 2005



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT INDEPENDENT PRICING AND REGULATORY TRIBUNAL

To Members of the New South Wales Parliament

### Audit Opinion

In my opinion, the financial report of the Independent Pricing and Regulatory Tribunal:

- (a) presents fairly the Tribunal's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with sections 41 B of the *Public Finance and Audit Act 1983* (the Act).

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

### The Tribunal's Role

The financial report is the responsibility of the members of the Tribunal. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement – expenses and revenues, the summary of compliance with financial directives and the accompanying notes.

### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Tribunal in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the members of the Tribunal had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Independent Pricing and Regulatory Tribunal,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional *ethical pronouncements*. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

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

**A. Oyetunji** CPA

Director, Financial Audit Services

SYDNEY, 20 October 2005



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
OF NEW SOUTH WALES

**STATEMENT ON BEHALF OF  
THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL**

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal of New South Wales as at 30 June 2005 and the operations for the year then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

**Michael Keating** AC

Chairman

October 2005

**James Cox**

Chief Executive Officer and Full-Time Member

# Statement of financial performance

for the year ended 30 June 2005

		ACTUAL	BUDGET	ACTUAL
		2005	2005	2004
	NOTES	\$'000	\$'000	\$'000
<b>Expenses</b>				
Operating expenses:				
Employee related	2(a)	8,102	7,351	7,310
Other operating expenses	2(b)	7,531	7,307	7,991
Maintenance		78	24	146
Depreciation	2(c)	349	200	294
<b>Total Expenses</b>		<b>16,060</b>	<b>14,882</b>	<b>15,741</b>
Less:				
<b>Retained revenue</b>				
Sale of goods and services	3(a)	1,444	-	1,761
Investment income	3(b)	218	52	185
Grants and contributions	3(c)	-	-	8
Other revenue	3(d)	18	-	21
<b>Total Retained Revenue</b>		<b>1,680</b>	<b>52</b>	<b>1,975</b>
<b>Gain/(loss) on disposal of non-current assets</b>	<b>9</b>	<b>5</b>	<b>-</b>	<b>(23)</b>
<b>Net Cost of Services</b>	<b>19</b>	<b>14,375</b>	<b>14,830</b>	<b>13,789</b>
<b>Government Contributions</b>				
Recurrent appropriation	5	14,061	13,990	13,798
Capital appropriation	5	180	180	180
Acceptance by the Crown Entity of employee benefits and other liabilities	6	832	630	750
<b>Total Government Contributions</b>		<b>15,073</b>	<b>14,800</b>	<b>14,728</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES</b>		<b>698</b>	<b>(30)</b>	<b>939</b>
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>		<b>698</b>	<b>(30)</b>	<b>939</b>

The accompanying notes form part of these statements.

# Statement of financial position

as at 30 June 2005

	NOTES	ACTUAL	BUDGET	ACTUAL
		2005	2005	2004
		\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	8	4,252	3,701	3,819
Receivables	9	769	564	564
Other	10	-	21	21
<b>Total Current Assets</b>		<b>5,021</b>	<b>4,286</b>	<b>4,404</b>
<b>Non-Current Assets</b>				
Plant and Equipment	11	979	884	904
<b>Total Non-Current Assets</b>		<b>979</b>	<b>884</b>	<b>904</b>
<b>Total Assets</b>		<b>6,000</b>	<b>5,170</b>	<b>5,308</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	12	1,002	996	1,104
Provisions	13	856	766	766
Other	14	9	16	16
<b>Total Current Liabilities</b>		<b>1,867</b>	<b>1,778</b>	<b>1,886</b>
<b>Non-Current Liabilities</b>				
Provisions	13	115	93	93
Other	14	-	9	9
<b>Total Non-Current Liabilities</b>		<b>115</b>	<b>102</b>	<b>102</b>
<b>Total Liabilities</b>		<b>1,982</b>	<b>1,880</b>	<b>1,988</b>
<b>Net Assets</b>		<b>4,018</b>	<b>3,290</b>	<b>3,320</b>
<b>EQUITY</b>				
Accumulated funds	15	4,018	3,290	3,320
<b>Total Equity</b>		<b>4,018</b>	<b>3,290</b>	<b>3,320</b>

The accompanying notes form part of these statements.

# Statement of cash flows

for the year ended 30 June 2005

		ACTUAL	BUDGET	ACTUAL
		2005	2005	2004
	NOTES	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(7,566)	(7,041)	(6,874)
Other		(8,632)	(7,767)	(8,489)
<b>Total Payments</b>		<b>(16,198)</b>	<b>(14,808)</b>	<b>(15,363)</b>
<b>Receipts</b>				
Sale of goods and services		1,204	-	2,188
Interest received		223	52	161
Other		958	328	1,028
<b>Total Receipts</b>		<b>2,385</b>	<b>380</b>	<b>3,377</b>
<b>Cash Flows From Government</b>				
Recurrent appropriation	5	14,061	13,990	13,798
Capital appropriation	5	180	180	180
Cash reimbursements from the Crown Entity		419	320	322
Cash transfers to the Consolidated Fund		-	-	(1,586)
<b>Net Cash Flows From Government</b>		<b>14,660</b>	<b>14,490</b>	<b>12,714</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>19</b>	<b>847</b>	<b>62</b>	<b>728</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of Plant and Equipment		20	-	7
Purchases of Plant and Equipment		(434)	(180)	(249)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(414)</b>	<b>(180)</b>	<b>(242)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>				
Opening cash and cash equivalents		3,819	3,819	3,333
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>8</b>	<b>4,252</b>	<b>3,701</b>	<b>3,819</b>

The accompanying notes form part of these statements.

# Supplementary financial statements

## Program statement – expenses and revenues

for the year ended 30 June 2005

	PROGRAM 1	
	2005	2004
	\$'000	\$'000
<b>EXPENSES AND REVENUES</b>		
<b>Expenses</b>		
Operating Expenses:		
Employee Related	8,102	7,310
Other Operating Expenses	7,531	7,991
Maintenance	78	146
Depreciation	349	294
<b>Total Expenses</b>	<b>16,060</b>	<b>15,741</b>
<b>Retained Revenue</b>		
Sale of Goods and Services	1,444	1,761
Investment Income	218	185
Grants and Contributions	–	8
Other Revenue	18	21
<b>Total Retained Revenue</b>	<b>1,680</b>	<b>1,975</b>
Gain/(loss) on disposal of Non-current assets	5	(23)
<b>NET COST OF SERVICES</b>	<b>14,375</b>	<b>13,789</b>
Government Contributions	15,073	14,728
<b>NET EXPENDITURE/(REVENUE) FOR THE YEAR</b>	<b>(698)</b>	<b>(939)</b>
<b>ADMINISTERED REVENUES</b>		
<b>Consolidated Fund</b>		
– Electricity Retail Supplier Licences	948	573
– Electricity Retail Distributor Licences	115	115
– Gas Supplier Authorisations	2,129	1,057
– Gas Reticular Authorisations	2,286	1,155
– Gas Distributor Licences	4	1
– Ggas Accreditation	31	69
– Ggas Certificate Fees	1,113	1,091
– Application Fees	–	–
<b>Total Administrated Revenues</b>	<b>6,626</b>	<b>4,061</b>

The name and purpose of the program is summarised in Note 7

# Summary of compliance with financial directives

for the year ended 30 June 2005

	2005				2004			
	Recurrent Appropriation	Expenditure/Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE</b>								
▼ Appropriation Act	13,990	13,990	180	180	14,089	13,798	180	180
	<b>13,990</b>	<b>13,990</b>	<b>180</b>	<b>180</b>	<b>14,089</b>	<b>13,798</b>	<b>180</b>	<b>180</b>
<b>OTHER APPROPRIATIONS/ EXPENDITURE</b>								
▼ Treasurer's Advance	-	-	-	-	71	-	-	-
▼ Transfers to/from another agency (s27 of the Appropriation Act)	71	71	-	-	-	-	-	-
	<b>71</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)</b>	<b>14,061</b>	<b>14,061</b>	<b>180</b>	<b>180</b>	<b>14,160</b>	<b>13,798</b>	<b>180</b>	<b>180</b>
<b>Amount draw down against Appropriation</b>		<b>14,061</b>		<b>180</b>		<b>13,798</b>		<b>180</b>
<b>Liability to Consolidated Fund**</b>		-		-		-		-

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

\*\* Liability to Consolidated Fund represents the difference between the "Amount drawn against Appropriation" and the "Total Expenditure/Net Claim" on Consolidated Fund.



# Notes accompanying and forming part of the financial statements

for the year ended 30 June 2005

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Reporting Entity

The Independent Pricing and Regulatory Tribunal of New South Wales (hereafter referred to as the Tribunal) is a separate reporting entity. There are no other entities under its control.

The Tribunal is a single program entity, and the financial operations disclosed in the Statement of Financial Performance and Statement of Financial Position are those of the Tribunal Program. A separate supplementary program statement has been prepared to disclose the administered activities.

The Tribunal is consolidated as part of the NSW Total State Sector Accounts.

### (b) Basis of Accounting

The Tribunal's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- ▼ applicable Australian Accounting Standards;
- ▼ other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- ▼ Urgent Issues Group (UIG) Consensus Views;
- ▼ the requirements of the *Public Finance and Audit Act 1983* and Regulations; and
- ▼ the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for Plant and Equipment which is recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accounting policies adopted are consistent with those of the previous year.

### (c) Administered Activities

The Tribunal administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Tribunal's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Tribunal's revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Revenues", "Administered Expenses", Note 20 and "Administered Revenue - Schedule of Uncollected Amounts", Note 21.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

### (d) Revenue Recognition

Revenue is recognised when the Tribunal has control of the good or right to receive, it is probable that the economic benefits will flow to the Tribunal and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

#### (i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Tribunal obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

#### (ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie user charges. User charges are recognised as revenue when the Tribunal obtains control of the assets that result from them.

continued

**(iii) Investment income**

Interest revenue is recognised as it accrues.

**(e) Employee Benefits and other provisions****(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs**

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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.

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

**(ii) Long Service Leave and Superannuation**

The Tribunal's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency 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 Entity of employee benefits and other liabilities".

Long service leave is measured on a present value basis. The liabilities that are expected to be settled more than twelve months after the reporting date is measured as the present value of the estimated future cash outflows to be made by employers in respect of services provided by employees up to the reporting date. The present value method is based on the remuneration rates on what the entity expects to pay at each reporting date for all employees with five or more years of service. This means that where it is expected that employees will receive a pay rise after reporting date, the increased pay rate is used in determining the employee benefit liabilities.

The simple factors derived by the Government Actuary to increase the long service leave liability and related on-costs to approximate present value calculations have been used in determining the liabilities.

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 (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Authorities Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**(f) Insurance**

The Tribunal's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

**(g) Accounting for the Goods and Services Tax (GST)**

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

- ▼ the amount of GST incurred by the Tribunal as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- ▼ receivables and payables are stated with the amount of GST included.

**(h) Acquisitions of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Tribunal. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

**(i) Plant and Equipment**

Plant and equipment costing \$5,000 and above individually are capitalised. However, grouped assets with inter-related functions such as the computer network are capitalised regardless of cost.

### (j) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the 'Guidelines for the valuation of Physical Noncurrent Assets at Fair Value' (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. For all plant and equipment, the Tribunal uses depreciated historical cost as a surrogate for fair value. These assets have short useful lives. This policy is consistent with TPP 03-02. The Tribunal is a not for profit entity with no cash generating units.

### (k) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Tribunal.

#### Depreciation Rates

	% RATE
Computer software	25.00
Computer Hardware	33.33
General plant and equipment	14.28
Fixtures and Fittings	10.00

Leasehold improvements are depreciated over the lessor of the period of the lease or the useful life of the improvements.

### (l) Maintenance and Repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

### (m) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

### (n) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less (where necessary) a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

### (o) Other Assets

Other assets including prepayments are recognised on a cost basis.

### (p) Payables

These amounts represent liabilities for goods and services provided to the Tribunal and other amounts, including interest. Interest is accrued over the period it becomes due.

### (q) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and / or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance for the Year Ended 30 June 2005 and the Statement of Cash Flows for the Year Ended 30 June 2005 are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position as at 30 June 2005, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts as per the audited financial statements (rather than carried forward estimates).

continued

**2 EXPENSES**

	2005	2004
	\$'000	\$'000
<b>(a) Employee related expenses</b>		
Salaries and wages (including recreation leave)	6,831	6,164
Superannuation	520	426
Long service leave	282	298
Workers compensation insurance	29	32
Payroll tax and fringe benefit tax	409	364
Payroll tax on superannuation	31	26
	8,102	7,310

Employee related expenses includes \$113,574 (2003-04: \$55,566) in payments to temporary members of the Tribunal.

There was no employee related expenses included in maintenance expense and/or capitalised.

**(b) Other operating expenses**

Auditor's remuneration (audit or review of the financial reports)	37	25
Operating lease rental expense – minimum lease payments	518	476
Insurance	12	13
Corporate services	234	225
Consultancies	3,456	4,013
Contractors	327	230
Travel expenses	110	86
EDP expenses	1,349	838
Legal costs	454	1,020
Other expenses	1,034	1,065
	7,531	7,991

**(c) Depreciation**

Plant and Equipment	349	294
	349	294

**3 REVENUES**

	2005	2004
	\$'000	\$'000
<b>(a) Sale of goods and services</b>		
Rendering of services (reimbursement of both external consultancies and in-house costs)	1,444	1,761
	1,444	1,761
<b>(b) Investment income</b>		
Interest	218	185
	218	185
<b>(c) Grants and contributions</b>		
Budget sector entities	-	8
	-	8
<b>(d) Other revenue</b>		
Lease incentive amortisation	16	16
Other	2	5
	18	21

**4 GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS**

	2005	2004
	\$'000	\$'000
Proceeds from disposal	20	7
Written down value of assets disposed	(15)	(30)
	5	(23)

continued

## 5 APPROPRIATIONS

	2005	2004
	\$'000	\$'000
<b>Recurrent appropriations</b>		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	14,061	13,798
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	14,061	13,798
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	14,061	13,798
	14,061	13,798
<b>Capital appropriations</b>		
Total capital drawdowns from Treasury (per Summary of Compliance)	180	180
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	180	180
Comprising:		
Capital appropriations (per Statement of Financial Performance)	180	180
	180	180

## 6 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity :

	2005	2004
	\$'000	\$'000
Superannuation	519	426
Long service leave	282	298
Payroll tax	31	26
	832	750

## 7 PROGRAMS/ACTIVITIES OF THE TRIBUNAL

### Program 1 – Pricing Regulation

Objective: To provide independent assessments of pricing and associated activities including setting maximum prices and undertaking pricing reviews of monopoly services supplied by government agencies. To regulate natural gas pricing and third party access to gas networks, undertake general reviews of industry, pricing or competition and to register agreements for access to infrastructure assets and to arbitrate in disputes arising from such agreements. To investigate complaints about competitive neutrality referred by the Government. To administer licensing or authorisation of water, electricity and gas businesses and monitor compliance with licence conditions, including full retail competitive requirements. To administer the NSW Greenhouse Gas Abatement Scheme.

**8 CURRENT ASSETS - CASH**

	2005	2004
	\$'000	\$'000
Cash at bank and on hand	4,252	3,819
	4,252	3,819

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

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

Cash (per Statement of Financial Position)	4,252	3,819
<b>Closing Cash and Cash Equivalents (per Statement of Cash Flows)</b>	<b>4,252</b>	<b>3,819</b>

**9 CURRENT ASSETS - RECEIVABLES**

	2005	2004
	\$'000	\$'000
Goods and Services Tax recoverable from ATO	119	97
Sale of goods and services	523	282
Interest Receivable	99	104
Other	28	81
	769	564

No provision has been made for doubtful debts as all amounts are considered to be collectable.

**10 CURRENT ASSETS - OTHER**

	2005	2004
	\$'000	\$'000
Prepayments	-	21
	-	21

continued

**11 NON-CURRENT ASSETS - PLANT AND EQUIPMENT**

	2005	2004
	\$'000	\$'000
<b>Plant and Equipment</b>		
At Fair Value	2,136	1,797
Less: Accumulated Depreciation	1,157	893
	979	904

**Reconciliation**

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current is set out below.

	PLANT AND EQUIPMENT
	\$'000
<b>2005</b>	
Carrying amount at start of year	904
Additions	440
Disposals	(100)
Depreciation expense	(349)
Writeback on Disposals	84
	979

**12 CURRENT LIABILITIES - PAYABLES**

	2005	2004
	\$'000	\$'000
Accrued salaries, wages and on-costs	68	57
Creditors	934	1,047
	1,002	1,104



**13 CURRENT/NON-CURRENT LIABILITIES - PROVISIONS**

	2005	2004
	\$'000	\$'000
<b>Employee benefits and related on-costs</b>		
<b>Current</b>		
Recreation Leave	757	673
Long Service Leave	98	93
Payroll tax	1	-
	856	766
<b>Non-current</b>		
Long Service Leave	115	93
	115	93
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	856	766
Provisions – non-current	115	93
Accrued salaries, wages and on-costs (Note 12)	68	57
	1,039	916

**14 CURRENT/NON-CURRENT LIABILITIES – OTHER**

	2005	2004
	\$'000	\$'000
<b>Current</b>		
Lease incentive	9	16
	9	16
<b>Non-Current</b>		
Lease incentive	-	9
	-	9

continued

**15 CHANGES IN EQUITY**

	ACCUMULATED FUNDS	
	2005 \$'000	2004 \$'000
<b>Accumulated Funds</b>		
Balance at the beginning of the year	3,320	2,381
Changes in equity – transactions with owners as owners	–	–
Changes in equity – other than transactions with owners as owners	–	–
Surplus/(deficit) for the year	698	939
Balance at the end of the financial year	4,018	3,320

**16 COMMITMENTS FOR EXPENDITURE**

	2005	2004
	\$'000	\$'000
<b>(a) Capital Commitments</b>		
Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:		
Not later than one year	12	–
Total (including GST)	12	–
<b>(b) Other Expenditure Commitments</b>		
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:		
Not later than one year	14	325
Total (including GST)	14	325
<b>(c) Operating Lease Commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	650	523
Later than one year and not later than five years	1,679	2,029
Total (including GST)	2,329	2,552

The total commitments other expenditure above includes input tax credits of \$214,000 that are expected to be recoverable from the ATO.

**17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Tribunal is not aware of any contingent liabilities associated with its operations.

**Contingent assets**

The Tribunal is not aware of any contingent assets associated with its operations.

## 18 BUDGET REVIEW

### Net cost of services

The net cost of services of \$14.375M was \$455K less than budget. This was mainly due to higher than budgeted sale of goods and services revenue (\$1.444M above budget) which related to rendering of services. This was offset by higher than budgeted expenditure of \$1.178M on operating expenses.

### Assets and liabilities

#### Current Assets:

Total current assets were \$735K above budget due to cash of \$4.252M being \$551K above budget and receivables of \$769K being above budget by \$205K.

#### Non Current assets:

Plant and Equipment was \$95K under budget mainly due to higher than budgeted accumulated depreciation.

#### Current – Non Current Liabilities:

Total liabilities were \$102K above budget due to an increase in employee benefits provisions.

### Cash flows

Cash flows from operating activities were over budget by \$785K due to higher than anticipated revenue for sale of goods and services(\$1.204M) offset by an above budget total payments(\$1.390M). Computer and office equipment purchases for \$254K caused the higher than budgeted cash flow from investing activities.

## 19 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

Reconciliation of cash flows from operating activities to the net cost of services as reported in the Statement of Financial Performance.

	2005	2004
	\$'000	\$'000
<b>Net cash flows from operating activities</b>	847	728
Cash flows from Government	(14,660)	(14,300)
Acceptance by the Crown Entity of employee benefits and other liabilities	(413)	(428)
Net (loss)/Gain on sale of plant and equipment	5	(23)
Depreciation	(349)	(294)
Decrease/(increase) in other Liabilities	16	1,602
Decrease/(increase) in provisions	(112)	(120)
Increase/(decrease) in receivables and other assets	184	(369)
Decrease/(increase) in payables	107	(585)
<b>Net cost of services</b>	<b>(14,375)</b>	<b>(13,789)</b>

continued

**20 ADMINISTERED ASSETS AND LIABILITIES**

Entity	2005	2004
	\$'000	\$'000
<b>Administered Assets</b>		
Cash	401	1,917
Receivables	5,078	1,525
<b>Total Administered Assets</b>	<b>5,479</b>	<b>3,442</b>
<b>Administered Liabilities</b>		
Liability to Consolidated Fund	5,479	3,442
<b>Total Administered Liabilities</b>	<b>5,479</b>	<b>3,442</b>

**21 ADMINISTERED REVENUE – SCHEDULE OF UNCOLLECTED AMOUNTS**

Electricity/Gas Supplier Licences and Authorisations	2005	2004
	\$'000	\$'000
Not later than one year	5,078	1,525
	<b>5,078</b>	<b>1,525</b>

**22 FINANCIAL INSTRUMENTS****Cash**

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average rate over the period was 4.3325% (4.06% in 2004) and the final rate was 4.5% (4.25% in 2004).

**Receivables**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debt is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

**Bank Overdraft**

The Tribunal does not have any bank overdraft facility.

**Trade Creditors and Accruals**

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payments. No interest was paid during the period (\$ Nil 2003).

## 23 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Independent Pricing & Regulatory Tribunal will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005–06.

The Independent Pricing & Regulatory Tribunal is managing the transition to the new standards by allocating internal resources and engaging Central Corporate Services Unit (CCSU) to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. To date, all the phases identified and reported in the Financial Statements for the year ended 30 June 2004 have been completed. In particular, a draft Balance Sheet as at 1 July 2004 was prepared under AIFRS (in parallel with existing AGAAP financial information and financial statement) and submitted to the NSW Treasury and Audit Office.

Independent Pricing & Regulatory Tribunal has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Section. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates")

Shown below are management's best estimates as at the date of preparing the 30 June, 2005 financial report of the estimated financial impacts of AEIFRS on the Group's equity and profit/loss. Independent Pricing & Regulatory Tribunal does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG interpretations and/or emerging accepted practice in their interpretation and application. Independent Pricing & Regulatory Tribunal's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005–06.

### (a) Reconciliation of key aggregates

#### Reconciliation of equity under existing standards (AGAAP) to equity under AEIFRS

	Actual ** 2005	1 July * 2004
	\$'000	\$'000
Total Equity under AGAAP	4,018	3,320
Total equity under AEIFRS	4,018	3,320

\* = adjustments as at the date of transition

\*\* = cumulative adjustments as at date of transition plus the year ended 30 June, 2005

#### Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS:

	30 June 2005
	\$'000
Surplus/(deficit) under AGAAP	698
Surplus/(deficit) under AEIFRS	698

Based on the above, if AEIFRS were applied in 2004/05 this would not change the Net Cost of Services.

## Notes to tables on preceding page

- 1 AASB 138 Intangible Assets requires all research costs to be expensed and restricts the capitalisation of development costs. Current AGAAP permits some research and development costs to be capitalised when certain criteria are met. As a result, some currently recognised intangible assets will need to be derecognised. Further, intangibles can only be revalued where there is an active market, which is unlikely to occur. Therefore, revaluation increments and decrements will need to be derecognised and intangible assets recognised at amortised costs.  
  
The adoption of AASB 138 will also result in certain reclassifications from property, plant and equipment to intangible assets (e.g. computer software and easements).
- 2 AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets.  
  
Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.
- 3 AASB 119 requires present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. Independent Pricing & Regulatory Tribunal has long-term annual leave benefits and accordingly will measure these benefits at present value, rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

### (b) Financial Instruments

In accordance with NSW Treasury's indicative mandates, Independent Pricing & Regulatory Tribunal will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June, 2005. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit/loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

## 24 AFTER BALANCE DATE EVENTS

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

END OF AUDITED FINANCIAL STATEMENTS

# Our work program for 2005/06

## Metropolitan Water

- ▼ Price determination for Gosford City Council/Wyong Shire Council
- ▼ Bulk Water Pricing
- ▼ Gosford Backlog Sewerage
- ▼ S9 Industry Structure

## Licence Audits

- ▼ Sydney Water Corporation
- ▼ Sydney Catchment Authority
- ▼ Hunter Water Corporation

## Licence Reviews

- ▼ Sydney Catchment Authority
- ▼ Sydney SWC – monitoring & reporting protocol
- ▼ SWC/SCA Bulk Water supply Agreement
- ▼ Hunter Water Corporation

## Transport

### Rail access

- ▼ Audit aspects of rail access undertaking
  - ▼ 2003/04
  - ▼ 2004/05
- ▼ Register rail access agreements – ongoing

### Transport fares

- ▼ Recommend taxi fares 2006/07
- ▼ Determine/recommend fares for State Transit Authority, Sydney Ferries, Private Ferries and Private Buses for 2006

### Ambulance services

- ▼ Review of financial aspects of ambulance services NSW

### Other activities

- ▼ Transport reform taskforce
- ▼ Transport advisory group
- ▼ National water regulators' senior officials group
- ▼ Metropolitan water – senior executives' committee
- ▼ National regulators' forum

## Energy

- ▼ Monitor Compliance with current electricity determinations
- ▼ Price and Service Report for NSW Distribution Network Service Providers
- ▼ Continue 6 monthly reporting for those license holders supplying consumers in the “small

customer” market (annual bill less than \$16,000)

- ▼ Review of Country Energy's revised access arrangement for access to the gas network in and around Wagga
- ▼ Telecommunication Towers on Public Land
- ▼ Ring-fencing waiver application from Country Energy
- ▼ Ring-fencing waiver application from EnergyAustralia
- ▼ Street lighting application by EnergyAustralia
- ▼ Annual Licence Compliance Report to Minister
- ▼ Application to pass through regulatory costs under the NSW electricity network distribution pricing 2004/05 to 2008/09

## Analysis and Policy

- ▼ Measuring total factor productivity for the metropolitan water businesses
- ▼ Revenue and Charging Structures for the NSW Ambulance Service – Stage 1
- ▼ Revenue and Charging structures for the NSW Ambulance Service – Stage 2 – Development of a Cost Index
- ▼ Rate of Return applicable State Water Corporation
- ▼ Development of a Cumulative Customer Impact Model
- ▼ Household Survey 2006
- ▼ Environmental Externalities and Implications for Water Pricing
- ▼ Risk Allocation and Incentive Frameworks for Economic Regulation
- ▼ Development of Innovative approaches to Transport Regulation

## Greenhouse Gas Abatement Scheme

- ▼ Accredite outstanding projects from Applicants
- ▼ Fully integrate participation of ACT with Scheme
- ▼ Rule changes and regulation changes
- ▼ Launch new website for Scheme
- ▼ Streamline administration procedures
- ▼ Develop comprehensive database for accredited Abatement Certificate Providers
- ▼ Develop Communication Strategy
- ▼ Audit Panel – maintain robust verification and validation procedures
- ▼ Integrate scheme with development of multi-jurisdictional emissions trading scheme
- ▼ Report to Minister on Compliance with Scheme – June 2006.

# Outline budget for 2005/06

## Budgeted operating statement

	BUDGET
	2005/06
	\$
Employee Related Expenses	8,594,000
Repairs and Maintenance	50,000
Other Operating Expenses	7,816,000
Depreciation	317,000
<b>TOTAL EXPENSES</b>	<b>16,777,000</b>
TOTAL REVENUE	1,400,000
GAIN/(LOSS) ON DISPOSALS	0
<b>NET COST OF SERVICES</b>	<b>15,377,000</b>
<b>Government Funding</b>	
Recurrent Allocation	14,752,000
Capital Allocation	180,000
Crown Acceptance of Dept Liabilities	298,000
<b>Total Government Funding</b>	<b>15,230,000</b>
<b>OPERATING RESULT</b>	<b>(147,000)</b>



# Impacts of IPART's determination

**As part of its role as regulator of the electricity, gas, water and public transport industries in NSW, IPART approves the prices that service providers in these industries can charge. These price determinations affect both household and business costs. In setting prices, the Tribunal considers the cost of service and aims to balance the interest of households, businesses and the supply agencies.**

Average household charges in 2004/05 were 1 per cent lower than in 1992/93 in real terms, including GST. Prices for most services except rail transport rose in 2004/05 in real terms, in response to various cost pressures. Water and electricity prices are however still below their 1992/93 levels.

Regulated electricity prices for non-residential customers increased in 2004/05, but remain significantly below their 1996/97 levels. Prices for gas and water services either decreased or stayed roughly unchanged in real terms in 2004/05.

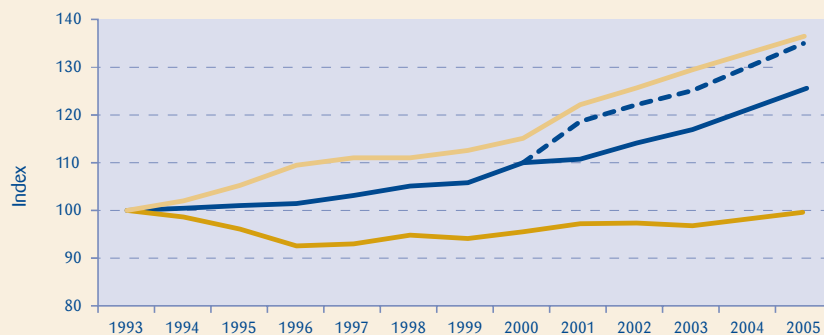
## Price impacts on residential customers

*Average household charges in 2004/05 were 1 per cent lower than in 1992/93 in real terms, including GST. If the net impact of GST and the new tax system are excluded, household charges were 5 per cent lower in real terms than in 1992/93.*

To monitor the impact of its price determinations on households, IPART introduced an index of household charges in 1993. This index measures the impact of charges that IPART regulates on an average household, using Australian Bureau of Statistics (ABS) data on household expenditure to calculate the relative expenditure (weightings) for electricity, gas, water and public transport (rail, bus and ferry).<sup>5</sup>

In 2004/05, households paid on average 4 per cent more for electricity, gas, water, sewerage and public transport in nominal terms than they did in 2003/04. This increase is somewhat higher than the increase in the Consumer Price Index (CPI) so that average household charges rose by roughly 1.5 per cent in real terms. The reasons for the real price increases lie in the emergence of various cost pressures, notably in the electricity and water businesses. The factors affecting each service are discussed below.

**Figure 1:**  
Composite index of household charges from 1992/93 to 2004/05



## Electricity

Full retail contestability was introduced into the residential retail market on 1 January 2002. However, small customers who have not switched to a contestable tariff remain on a regulated default tariff.

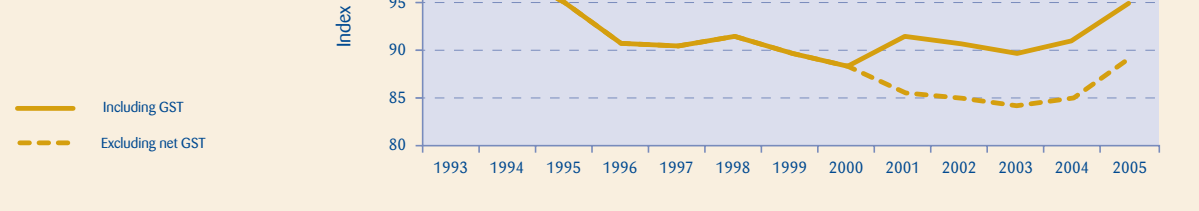
The average price paid by residential customers on the regulated default tariff increased by about 6.5 per cent between 2003/04 and 2004/05 in nominal terms, which means they increased by roughly 4 per cent in real

<sup>5</sup> For the period 1993 to 2004, the weightings are from the 1998/99 Households Expenditure survey (all NSW households) and are as follows: electricity 51 per cent, water 23 per cent, gas 8 per cent and public transport 18 per cent. The 2003/04 Households Expenditure survey (Sydney households) is used for 2005, and the weightings are as follows: electricity 47 per cent, water 20.5 per cent, gas 11.5 per cent and public transport 21 per cent.

terms.<sup>6</sup> These increases are a consequence of cost pressures that have emerged, for example as excess generation capacity has been used up. There is also a growing need for capital expenditure to replace ageing network infrastructure and cope with new patterns of demand, in particular, peak load demand due to the growing use of air conditioners.

Despite the recent increases, electricity prices are lower in real terms than they were in 1992/93. The index of household electricity charges (Figure 2) shows that average regulated electricity prices in NSW fell by 6 per cent (including GST) over the period 1992/93 to 2004/05.

**Figure 2:**  
Index of residential electricity prices

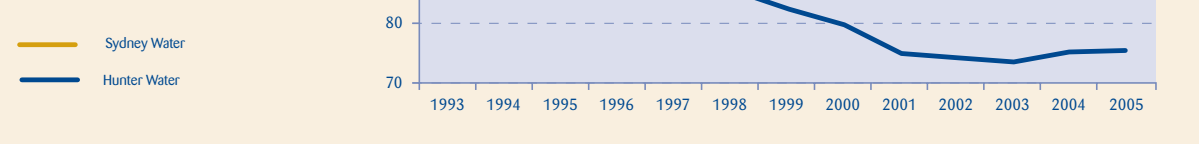


### Metropolitan Water

Residential customers of both Sydney Water Corporation and Hunter Water Corporation using 220 kL of water per year experienced real increases of less than 0.5 per cent in the water and sewerage bill between 2003/04 and 2004/05.

Bills are significantly lower than they were in 1992/93. A Sydney Water Corporation customer paid 8 per cent less for water and sewerage services in 2004/05 than in 1992/93 in real terms. A Hunter Water Corporation customer paid a full 25 per cent less.

**Figure 3:**  
Index of residential water and sewerage charges 1992/93–2004/05 (real)



The reductions in the Sydney Water Corporation price index between 1993 and 1997 coincided with a period of relatively low capital expenditure combined with gains in operating efficiency. The reductions were achieved primarily by eliminating the special environmental levy in 1993/94 and residential property-based charges by 1996/97. Over the same period significantly more emphasis was placed on the volume of water consumed to determine the size of bills, so that large water users would have seen more modest decreases in their bills.

Since 1998, Sydney Water Corporation's capital expenditure has increased significantly, firstly due to the need to replace aging infrastructure. Secondly, the sewerage system has been improved to reduce overflows and stormwater infiltration, thereby improving environmental outcomes.

During the period under review, Hunter Water Corporation achieved significant operating cost efficiencies. These efficiency gains, combined with comparatively limited pressure for increased capital

<sup>6</sup> From 1993 to 2003, the average price change is measured as the average revenue per kWh sold to NSW customers on regulated residential retail tariffs. However, since the introduction of full retail contestability a number of residential customers have entered into contestable supply contracts. Customers still on regulated tariffs tend to be smaller users of electricity, who therefore pay a higher average amount per kWh than larger users because the fixed (supply) charge is spread over a smaller number of kWh units. Changes in average revenue per kWh for the retail businesses therefore reflect both changes in tariff levels and changes in the customer base. In order to ensure a "like with like comparison" that is not affected by changes to the customer base, the method used to calculate the average price change in 2004 and 2005 is the average revenue per kWh assuming constant customer numbers and sales volumes. The average change for NSW is the weighted average of the changes for the four retailers.

expenditure have, until recently, allowed real bills to fall. The reductions have been accompanied by a change in the tariff structure towards higher volume based charges for water relative to fixed charges, and lower volume based wastewater charges relative to fixed charges. Volume base charges currently account for 90 per cent of the water bill, and 46 per cent of the total water and wastewater bill, for a customer using 220 kL of water per year.

Price increases are, however, likely in the future. New and innovative ways of supplying and conserving water need to be found as the dams that serve the greater Sydney metropolitan area reach their sustainable yields. Providing water and wastewater services to a growing

population, while at the same time protecting the environment and managing more sophisticated supply arrangements, will put pressure on costs and consequently prices. Pricing can serve the very useful purpose of signalling to customers and suppliers the cost of accessing alternative sources of water and better managing demand. Pricing structures that put even more emphasis on water users paying on the basis of the amount of water they use will be implemented in 2005/06. Water usage charges will increase, and Sydney Water Corporation will implement an inclining block tariff so that separately metered households pay a higher water charge for use exceeding 100kL per quarter (400kL per year).

## Public transport

Sydney bus fares rose by an average of 3.9 per cent (nominal) and fares for Newcastle buses rose by 2.9 per cent (nominal) on 4 January 2005. The increases for Sydney buses are broadly consistent with the Ministry of Transport's (MoT) fare harmonization process between private and government owned bus companies. The MoT's bus reform agenda is to be extended to Newcastle buses from 2005, and for the transition period the increase in prices is in line with increase in the Bus Industry Cost Index<sup>7</sup>, as requested by the MoT.

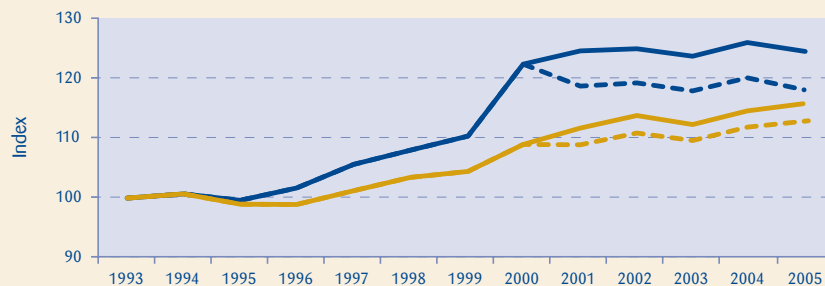
Sydney Ferries was established as a State Owned Corporation, independent of the State Transit Authority, on 1 July 2004. Maximum ferry fares rose by an average of 4.2 per cent (nominal) on 12 December 2004, in recognition of the additional expenditure incurred in implementing the recommendations of the 2001 safety review (the Taylor report) combined with its low level of cost recovery.

CityRail fares remained at their 2004 levels, following a request from the Premier to defer a fare review until further notice.

In contrast to water and electricity prices, public transport prices have risen substantially since 1992/93. Train passengers pay on average 24 per cent more now than in 1992/93, while bus and ferry commuters pay on average 15 per cent more in real terms (including GST).

Transport fares recover only part of the costs of service, particularly train and ferry services, with the remaining revenue requirements coming from consolidated state revenue. All transport services have experienced significant cost increases over the period, which have affected cost recovery levels. The reasons for cost increases have varied from changes in government requirements (for example improved access for the disabled, greater security for passengers and staff) to increased capital outlays to replace ageing infrastructure.

**Figure 4:**  
Index of public transport prices 1992/93–2004/05 (real)



## Gas

IPART took over the regulation of gas prices in 1995/96. The gas index shown in Figure 5 is calculated for an AGL gas customer using 25,000MJ of gas per year.<sup>8</sup> This customer will pay 38 per cent more for gas in

2004/05 compared to the amount paid in 1994/95 (including GST). The bill increased by about 1 per cent in real terms between 2003/04 and 2004/05, or 3.5 per cent in nominal terms.

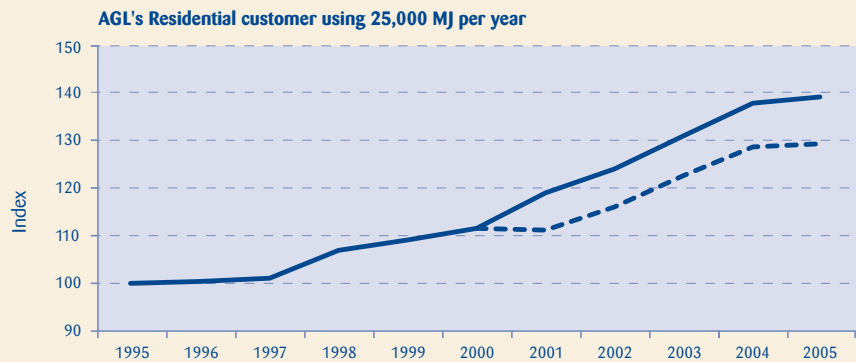
<sup>7</sup> The Bus Industry Cost Index (BICI) is the cost index for the private bus industry.

<sup>8</sup> In 2003/04, the customer moves from the 'Everytime Plus' tariff onto 'EverytimeValue' tariff as recommended by AGL for customers with consumption exceeding 15,400MJ per year.

**Figure 5:**

**Index of residential gas prices for AGL customers 1994/95–2004/05 (real)**

— Including GST  
 - - - Excluding net GST



The increases for residential customers to 2002/03 are primarily due to the elimination of the previous cross-subsidy of residential customers by non-residential users with the introduction of third party access to gas networks. The 6.8 per cent nominal increase in 2003/04, or 4.4 per cent real increase, was due to

various increases in the cost of supply. AGL's average regulated retail tariff increase in 2004/05 was restricted to the change in the consumer price index, and the small increase for this customer was due to a change in the tariff structure.

### Price impacts on non-residential customers

*The Tribunal's decisions also have an impact on the prices typically paid by non-residential customers in water, gas and electricity industries.*

### Electricity

Retail contestability has progressively been introduced in the NSW electricity market since 1996, and IPART no longer regulates most non-residential tariffs. Business customers with consumption of less than 160 MWh per year can however still choose to remain on the default tariff, which is regulated.

The electricity index shown in Figure 6 is calculated for an EnergyAustralia business customer on a general supply tariff using 30 MWh of electricity per year.<sup>9</sup> This customer paid 4 per cent more for electricity in 2004/05

compared to the previous year in nominal terms, or about 1.5 per cent in real terms. However, prices for this customer were 17 per cent lower in 2004/05 than they were in 1996/97 (excluding GST).

The initial price decreases were facilitated by operating efficiencies and excess capacity in the generation sector. The emergence of cost pressures that in recent years have led to rising residential tariffs have equally resulted in a need to increase business tariffs.

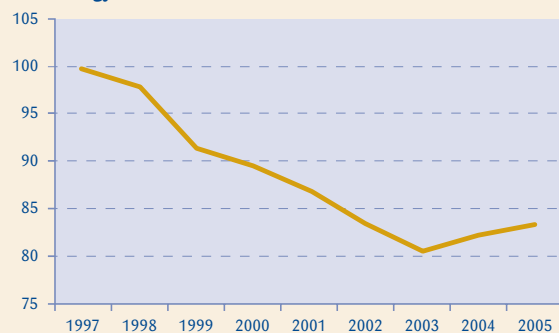
**Figure 6:**

**Index of regulated business electricity prices (small customers) 1996/97–2004/05 (real, excluding GST)**

Note: Prices calculated for consumption of 30 MWh per year on a general supply tariff. Prices exclude GST.

Sources: For 1996/97 – 2003/04, "Electricity Prices in Australia 2003/04". Electricity Supply Association of Australia. Calculated for 2004/05, using EnergyAustralia's General Supply (Non TOU) tariff.

**EnergyAustralia small business customer**



<sup>9</sup> In 2003/04, the customer moves from the 'Everytime Plus' tariff onto 'EverytimeValue' tariff as recommended by AGL for customers with consumption exceeding 15,400MJ per year.

## Metropolitan Water

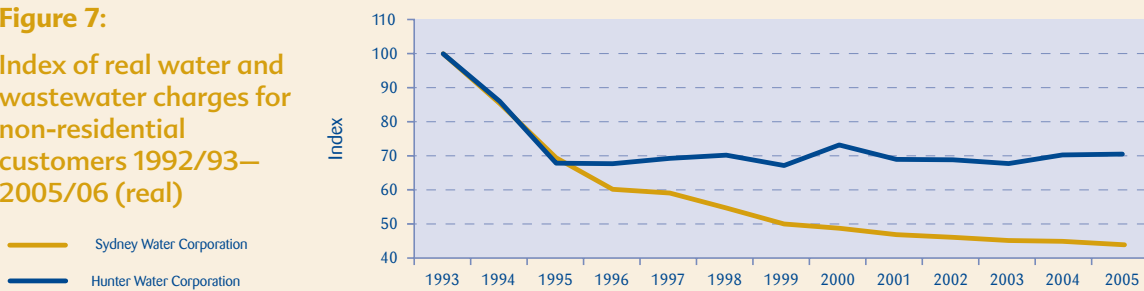
Bills for Sydney Water's non-residential customers of water and wastewater services have fallen substantially, and were 43 per cent of their 1992/93 levels in 2004/05 in real terms. This change is largely due to the progressive elimination of property value based charges, which were finally eliminated on 1 July 2004.

Hunter Water Corporation's water and wastewater property value based charges were eliminated in 1994/95<sup>10</sup>. Average bills fell about 30 per cent between

1992/93 and 1994/95, and have been relatively stable since then in real terms.

Sydney Water Corporation's non-residential customers experienced a real price decrease of about 1 per cent between 2003/04 and 2004/05, due to the elimination of property based charges. Hunter Water Corporation's customers, on the other hand, paid slightly more in real terms (0.5 per cent), mainly due to small real increases in the water usage price and the wastewater fixed charge.

**Figure 7:**  
Index of real water and wastewater charges for non-residential customers 1992/93–2005/06 (real)



Note: The index measures average revenue per kL of water sold, and is therefore only a rough indicator of prices. However, from 2003/04 the index has been calculated using 2002/03 sales volumes to eliminate the impact of reduced consumption.

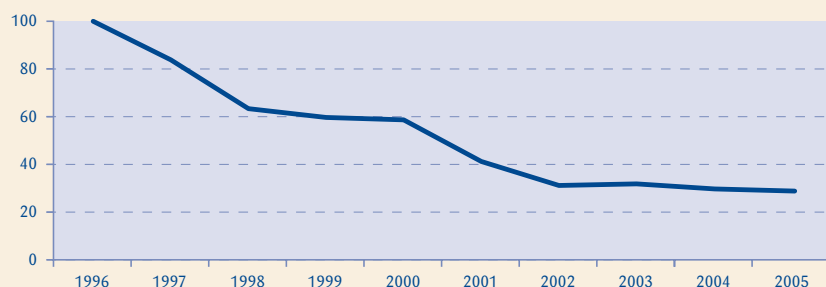
## Gas

Retail contestability has been progressively introduced into the gas market since 1997, and all gas retail services have been contestable since 1 July 2000<sup>11</sup>. IPART regulates 'safety net' retail tariffs for the majority of households and small business customers in NSW. It does not regulate retail tariffs for customers using more than 1 TJ per annum.

IPART also approves network charges as part of access arrangements.<sup>12</sup> Network charges comprise 30–50 per cent of 'safety net' retail tariffs.

While AGL Gas Networks' network charges have fallen in real terms for all customers, very large, or "contract" customers<sup>13</sup> have experienced the greatest fall in prices since IPART became responsible for approving the access arrangements in 1996. For example, by 2004/05 AGL Gas Networks' contract prices were 29 per cent of prices in 1995/96 in real terms, excluding GST.<sup>14</sup> Prices remained virtually unchanged in real terms between 2001/02 and 2003/04, and remained unchanged in nominal terms in 2004/05. A new access arrangement came into effect on 1 July 2005, which introduced further price reductions for these customers.

**Figure 8:**  
Index of gas network (contract) prices 1995/96–2004/05 (real, excluding GST)



<sup>10</sup> Hunter Water Corporation still has property-based stormwater charges. These are to be progressively phased out over the course of the current determination period.

<sup>11</sup> Customers with consumption of less than 1 TJ per year can still choose to remain on the default tariff, which is regulated.

<sup>12</sup> IPART currently approves access arrangements for AGL Gas Networks and Country Energy Gas under the National Gas Code.

<sup>13</sup> Contract customers are those whose gas consumption is at least 10 TJ a year.

<sup>14</sup> Price changes are shown excluding GST because GST on inputs is reclaimed by business customers.

**Bulk water**

The Tribunal last set prices for bulk water services in 2001, when the former Department of Land and Water Conservation (DLWC) was responsible for providing these services. Since then, the Department has been restructured, and functions related to river and storage operations on regulated rivers are now performed by State Water Corporation. The functions related to water resource management (WRM) were performed by the Department of Infrastructure Planning and Natural Resources (DIPNR) in 2004/05.<sup>15</sup>

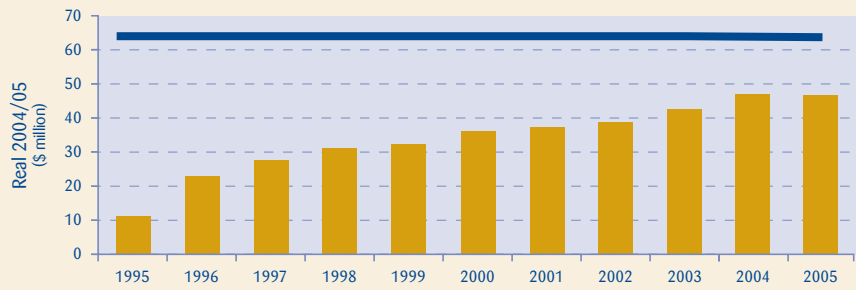
The 2001 Determination for DLWC was due to expire on 30 June 2004. Due to the timing of the establishment of State Water Corporation and DIPNR, the Tribunal was not able to review bulk water prices from 2004/05. The Government legislated to apply a 2 per cent

increase to the existing prices on all regulated rivers until the Tribunal made a new determination on prices. A similar provision was not made for unregulated river and ground water prices and these were not increased. Combined bulk water prices therefore rose by an average of 1.7 per cent in nominal terms in 2004/05.

A target level of revenue for full cost recovery of \$65 million (in 2004/05 prices) was determined during the 2001 determination. Revenue calculated on the basis of long-term average sales volumes will recover 73 per cent of this target revenue in 2004/05. While this is 1 per cent lower than in 2003/04, it remains substantially higher than in 1994/95 when revenue from long-term average sales would have recovered only 18 per cent of this target revenue.

**Figure 9:**  
Actual and target revenue from bulk water tariffs 1994/95–2004/05 (real)

■ Revenue from tariffs  
■ Revenue required for full cost recovery



<sup>15</sup> DIPNR was restructured in August 2005, and water resource management functions are now the responsibility of the Department of Natural Resources (DNR)

# Appendix 1

## Legislative provisions

IPART was established under the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)*. It performs functions under this Act, and also under the *Gas Supply Act 1996*, *Gas Pipelines Access (New South Wales) Act 1998*, *Electricity Supply Act 1995*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Sydney Water Catchment Management Act 1998*, *Water Management Act 2000*, *Passenger Transport Act 1990* and *State Water Corporation Act 2004*.

IPART also has significant functions under the *National Electricity Code* and the *National Third Party Access Code for Natural Gas Pipeline Systems*, and has minor functions under the *Prices Regulation Act 1948*, the *Gaming Machines Act 2001* and the *Motor Accidents Compensation Act 1999*.

### Independent Pricing and Regulatory Tribunal Act 1992

The IPART Act commenced in July 1992 as the *Government Pricing Tribunal Act 1992* and was substantially amended and renamed in January 1996 as the *Independent Pricing and Regulatory Tribunal Act 1992*. Under the IPART Act, IPART has six major roles:

- ▼ Regulating prices and reviewing pricing policies of government monopoly services
- ▼ Undertaking reviews referred to it in relation to industry, pricing or competition
- ▼ 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.

### Regulating prices and reviewing pricing policies

IPART conducts investigations and makes reports to the Minister on the determination of the pricing for a specified government monopoly service supplied by a government agency and also conducts 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 IPART's investigations may be initiated. The first is by standing references. Schedule 1 of the IPART Act lists a number of government agencies for which IPART has a standing reference. Under Section 11, IPART may initiate investigations of declared monopoly services supplied by these standing reference agencies.

The following government agencies are currently listed as standing references in Schedule 1 of the Act:

- ▼ Sydney Water Corporation
- ▼ Hunter Water Corporation
- ▼ Water supply authorities constituted under the *Water Management Act 2000*
- ▼ County councils established for the supply of water
- ▼ Rail Corporation New South Wales
- ▼ State Transit Authority
- ▼ Roads and Traffic Authority
- ▼ Department of Housing
- ▼ Port Corporations or other relevant port authorities within the meaning of Part 5 of the *Ports Corporatisation and Waterways Management Act 1995*
- ▼ Sydney Catchment Authority
- ▼ Water Administration Ministerial Corporation
- ▼ Sydney Ferries
- ▼ State Water Corporation

The second is by references by the Premier. Under Section 12 of the IPART Act, the Premier may require IPART to determine the maximum price or carry out a review of any declared service, including those supplied by standing reference agencies. The terms of any reference by the Premier must be advertised, and the final terms of reference must be settled with the Premier following consideration of public comments. IPART may ask the Premier 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 IPART's activities are conducted through a public process. The main requirement is that IPART must hold at least one public hearing for each investigation. IPART may seek public participation by:

- ▼ advertising public hearings (Section 21(3))
- ▼ seeking public comments on terms of reference (Section 13(2))
- ▼ providing public access to submissions (Section 22A(1))
- ▼ inviting public comment on issues and submissions
- ▼ holding public seminars and workshops (Section 21(2))
- ▼ releasing reports and determinations to the public (Section 19(1))
- ▼ publicly reporting compliance by agencies (Section 18(4)).

IPART must make a document available for inspection on request unless the document is an exempt document under the *Freedom of Information Act 1989* (Section 25). If a document is exempt, IPART has discretion to release it following consultation, and if satisfied that it will not damage commercial or other interests.

## Matters IPART must consider

Under Section 15 of the IPART Act, IPART is required to consider a range of issues when making determinations and recommendations, and to report on what regard it has had to each. These issues can be summarised as:

- ▼ the cost of providing the services concerned
- ▼ protection of consumers from abuses of monopoly power
- ▼ an appropriate rate of return
- ▼ the effect on general price inflation
- ▼ the need for greater efficiency
- ▼ the need to maintain ecologically sustainable development
- ▼ the impact on pricing of borrowing, capital and dividend requirements
- ▼ the impact on pricing policies of any arrangements that the agency concerned has entered into for the exercise its functions by some other person or body
- ▼ the need to promote competition
- ▼ considerations of demand management

- ▼ the social impact of the determinations and recommendations
- ▼ standards of quality, reliability and safety.

The Premier may also require IPART to consider specific matters in its investigations (Section 13(1)(c)).

## How IPART sets maximum prices

IPART may set maximum prices in either of two ways.

The first way is by determining maximum prices. IPART may fix the prices in any way it considers appropriate (Section 14), including fixing:

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

IPART 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. If IPART considers that it is impracticable to make a determination for fixing the maximum prices, under Section 14A it may determine a methodology to be used by the agency to fix the maximum price. Setting a methodology may include 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, IPART 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 under a licence, authorisation or under a statutory instrument on the agency (Section 16A).

## Implementation of maximum prices

The agencies concerned are required to levy prices which do not exceed the maximum prices determined by the Tribunal (Section 18(1A)). The approval of the Treasurer is needed if an agency wishes to charge a price below the maximum price (Section 18(2)).



## Compliance

In their annual reports, all agencies subject to IPART's determinations must report on how they have implemented the maximum prices. Information must also be provided on whether IPART recommendations made in pricing policy reviews have been implemented, and reasons must be given for any non-implementation (Section 18(4)).

## Release of reports and determinations

IPART submits its reports to the Premier. Any determination must be published in the NSW Government Gazette as soon as practicable (Section 17). Reports must be made available for public inspection and sale, tabled in Parliament, and placed in the Parliamentary Library (Section 19).

## Reviewing industries, pricing or competition

Section 12A of the IPART Act allows the Premier to require IPART to undertake reviews of matters covering industry, pricing or competition. In contrast to the review provisions of Sections 11 and 12, these reviews are not restricted to the operation of government monopoly services and may cover both government and private industry issues. In carrying out reviews under Section 12A, IPART is not required to specifically have regard to the various issues listed in Section 15 of the IPART Act.

## Providing assistance to other agencies

Subject to the Premier's approval, IPART may provide services to any government agency, body or person in areas that are within its field of expertise and relevant to its functions (Section 9). In entering into any arrangement to provide services, IPART has a duty of care to ensure that giving effect to the arrangement will not interfere with its ability to exercise its usual functions.

## Arbitrating access disputes

Under Part 4A of the IPART Act, any disputes that exist with respect to a public infrastructure access regime are subject to arbitration by IPART. In carrying out these arbitration functions, IPART may appoint an arbitrator from a panel approved by the Premier or may undertake the arbitration itself (Section 24B). IPART's arbitration activities follow the provisions of the Commercial Arbitration Act, supplemented by provisions of the IPART Act and any regulations made under Section 29 of the IPART Act.

## Registering access agreements

Section 12B of the IPART Act requires that IPART be notified of proposed access agreements. IPART may provide advice on the proposed agreement to the agency and to the Premier. It is required to register all access agreements (Section 12C).

## Regulating licences

IPART is responsible for ensuring regulated entities are meeting their licence requirements for quality of product, environmental impact and consumer protection.

Under its powers contained in the ancillary Acts such as the *Electricity Supply Act 1995*, *Gas Supply Act 1996*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Sydney Water Catchment Management Act 1998* and *State Water Corporation Act 2004*, IPART is responsible for matters such as making recommendations to the Minister for or 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 contravention of the conditions of a licence
- ▼ taking any remedial action as a result of a contravention of the conditions of a licence.

To fulfil this role, IPART monitors licence compliance and reports annually to the Minister regarding such compliance. It also has specific licence auditing responsibilities for the electricity and water industries.

In addition to making recommendations to the Minister, IPART has limited powers to impose monetary penalties or require a utility to take remedial action if the utility knowingly contravened the conditions of a licence.

## Investigating complaints under competitive neutrality regime

The Government has assigned IPART part responsibility for investigating and reporting on competitive neutrality complaints, under the Competition Principles Agreement. Under certain conditions, the Minister may refer to IPART a complaint about a public trading agency's failure to comply with competitive neutrality principles, or about how an agency is applying competitive neutrality principles in relation to any or all of its trading activities.

IPART is required to investigate and report on any such complaint referred by the Minister, and make its report publicly available. The IPART Act specifies the processes IPART is to follow in investigating such a complaint.

## Gas Supply Act 1996

The *Gas Supply Act 1996* enables IPART to establish pricing mechanisms known as gas pricing orders that regulate the tariffs, fees, charges and other payments that a standard supplier may impose for the supply of natural gas to small retail customers under standard form customer supply contracts. Section 27A of this Act enables IPART to:

- ▼ establish a methodology within which tariff customer prices for delivered gas must be set
- ▼ establish maximum tariffs or maximum average tariffs
- ▼ prohibit the imposition of certain charges.

Any gas pricing order applicable to the delivered price of gas in a particular area applies to all retailers serving that area. If gas suppliers are aggrieved with IPART's determination, they may request a review of pricing orders by a Review Panel appointed by the Minister for Energy.

The access regulation functions IPART previously undertook under the Gas Supply Act are now undertaken under the National Gas Code (see below).

## National Gas Code

Under the *National Third Party Access Code for Natural Gas Pipeline System* (the **Gas Code**) IPART is the relevant regulator in relation to distribution pipelines that are within NSW. Under the Gas Code, the key functions of IPART are to:

- ▼ approve access arrangements which set out the basic terms and conditions under which access will be made available by an owner or operator of a covered pipeline
- ▼ approve associate contracts entered into by owners or operators of a gas pipeline
- ▼ arbitrate access disputes.

## Electricity Supply Act

The *Electricity Supply Act 1995* provides the framework for introducing full retail competition in the NSW electricity industry. Under this Act, IPART is responsible for setting regulated retail tariffs for electricity and regulated retail charges. IPART also has a standing reference to determine the proportion of connection costs that a distribution network service provider may pass on to new customers and related matters.

The scheme for determining tariffs and charges is as follows:

- ▼ the Minister may give a reference as to the matter of a determination to IPART, or IPART may request a referral

- ▼ IPART is to investigate and report in accordance with the reference.

IPART may determine, in its report, the regulated retail tariffs and regulated retail charges but must have regard to matters set out in the reference and the effect of the determination on competition in the retail electricity market.

## Greenhouse Gas Abatement Scheme

The NSW Greenhouse Gas Abatement Scheme was introduced by amendments to the *Electricity Supply Act 1995* in December 2002. From 1 January 2003 electricity retail suppliers and certain other parties are required to meet mandatory targets for abating the emission of greenhouse gases from electricity production and use. Under new powers contained in the amendments to the *Electricity Supply Act 1995*, IPART is responsible for:

- ▼ determining and publishing key factors that are used to determine greenhouse gas benchmarks for the year
- ▼ determining the greenhouse gas benchmark for each benchmark participant
- ▼ determining the greenhouse shortfall and any liability for greenhouse penalty payable by a benchmark participant.

IPART must monitor compliance with greenhouse gas benchmarks and must report annually to the Minister for Utilities regarding such compliance. It may also conduct or require the conduct of audits.

IPART has also been appointed as the Scheme Administrator by the Minister for Utilities. As Scheme Administrator, it is responsible for:

- ▼ accreditation of abatement certificate providers
- ▼ verification of greenhouse gas abatement activity
- ▼ administration of a registry of abatement certificates.

As Scheme Administrator, IPART must monitor and report annually to the Minister for Utilities on the compliance of accredited abatement certificate providers with the Act, the regulations, the greenhouse gas benchmark rules and any conditions of accreditation. It may also conduct or require the conduct of audits.

## National Electricity Code

Under the National Electricity Code, IPART as jurisdictional regulator is responsible for determining the general level of distribution service prices and/or aggregate annual revenue requirement for electricity distribution network services in accordance with pricing methods and regulatory principles set out in Part D, Chapter 6 of the National Electricity Code.

# Appendix 2

## Public Hearings and Submissions

### Public hearings and workshops, 2004/2005

During 2004/2005 the Tribunal held 47 meetings during the year and 19 Delegated Tribunal meetings. They also hosted 3 public forums, 3 public hearings, 1 public presentation, 2 stakeholder forums and 3 workshops (12 in total).

Dr Michael Keating, Chairman attended 31 meetings.

Mr James Cox, CEO and Full Time Member attended 78 meetings (28 as Acting Chairman) and 4 other forums.

Ms Cristina Cifuentes, Part-time Member attended 50 meetings.

Mr David Brett, Temporary member attended 26 meetings.

Dr Warren Musgrave, Temporary member attended 11 meetings.

### Delegated Tribunal Meetings

The Tribunal held 19 Delegated meetings.

### Public hearings and workshops

Date	Investigation	Venue
15-Sep-04	AGL Gas Networks Review of Access Arrangements – Roundtable	Sydney
30-Sep-04	Private and Public Ferry Fare Review – Public Hearing	Sydney
14-Oct-05	Private and Public Bus Fare Review	Sydney
10-Dec-04	Review of operating Licence for State Water Corporation – Public Workshop	Sydney
11-Feb-05	AGL Gas Networks Public Presentation of response to IPART Draft Decision on Access Arrangement	Sydney
9-Mar-05	Review of Rental Arrangements for Crown land Communication Tower Sites in NSW – Public Roundtable	Sydney
10-Mar-05	Review of Metropolitan Water Agency Prices from 1 July 2005 – Public Hearing	Sydney
16-Mar-05	Review of the National parks and Wildlife Service’s Infrastructure Services Strategy for the Perisher Range Resorts – Public Roundtable	Sydney
23-Mar-05	AGL Gas Networks Access Arrangement - Public Forum	Sydney
20-May-05	Review of Bulk Water prices 2005/06 – Public Hearing	Sydney

continued

## Submissions to projects during 2004/05

The Tribunal invited stakeholders and the public to make submissions to the projects in progress during 2004/05, and received a total of 390 submissions.

Closure date = day submissions close

Closure Date	Investigation	Submissions
20-Aug-04	Review of Bus and Ferry Fares	46
25-Oct-04	Review of Perisher Infrastructure Services	26
5-Nov-04	Review of Rental for Crown Land Communication Sites Towers in NSW	34
12-Nov-04	Review of State Water Corporation Operating Licence 2004	22
3-Dec-04	Rail Access Review of Rate of Return and Remaining Mine Life	9
27-Jan-05	End of Term Review of Operating Licences for SWC and SCA	17
4-Feb-05	Guidelines on the Application of the Tribunals 2004 Demand Management Determination	6
28-Feb-05	Review of Access Arrangements submitted by AGL Networks and Country Energy Gas	34
18-Mar-05	Distribution Loss Factors for 2005/2006	4
4-Apr-05	Review of Bulk Water Prices from 2005/2006	40
29-Apr-05	Review of Fares for Taxis in NSW 2005	15
31-May-05	Industry Structure for Water and Wastewater Services in the Greater Sydney Metropolitan Area	12
10-Jun-05	Review of Financial Aspects of the Ambulance Service in NSW	13
8-Jul-05	EnergyAustralia's Public Lighting Pricing Proposals	42
15-Jul-05	Review of Metropolitan Water Agency Prices from 1 July 2005	46
10-Aug-05	Ferry Industry Fare Review 2005	2
15-Aug-05	Metropolitan Bus Industry Fare Review 2005	3
19-Sep-05	Distribution Ring Fencing Guidelines – Country Energy – Waiver Application	19

## Appendix 3 Publications

Release Date	Publication	Reference No
<b>Electricity</b>		
29/04/2005	Guideline – Final – Avoided Distribution Costs	
29/04/2005	Guidelines – Final – Loss Management investments	
29/04/2005	Final – Guidelines on the application of the D-factor in the Tribunals 2004 NSW Electricity Distribution Pricing Determination	
29/04/2005	Guideline – Final – Foregone Revenue	
29/04/2005	Guidelines – Final – Network Planning	
2/03/2005	Energy and Water Licence Compliance Policy	
24/02/2005	Quality of Service Indicators for New South Wales Electricity Retail Suppliers 1999-00 to 2001-02	
27/01/2005	Electricity distribution and retail licences – Compliance report for 2002-03 – Report to the Minister for Energy and Utilities	
24/12/2004	Draft Guidelines on the Application of the Tribunal's 2004 Demand Management Determination	
24/12/2004	Draft Guideline – Calculation of avoided distribution costs	
24/12/2004	Draft Guideline – Methodology for assessing economic value of loss management investments	
24/12/2004	Draft Guideline – Methodology for estimating revenue foregone	
24/12/2004	IPART's Demand Management Consultation Group – Draft Guidelines on the Application of the Tribunal's 2004 Demand Management Determination	DP80
<b>Water</b>		
17/06/2005	Sydney Water Corporation, Hunter Water Corporation and Sydney Catchment Authority – Prices of Water Supply, Wastewater and Stormwater Services 2005 – Draft Report and Draft Determination	Det05-5, 6 & 7
10/06/2005	Sydney Catchment Authority – Prices of Water Supply from 1 July 2005	Det05-4 & 5
30/05/2005	Gosford City Council and Wyong Shire Council – Prices of Water Supply, Wastewater and Stormwater Services – From 1 July 2005 to 30 June 2006	Det05-1 & 2
6/05/2005	Investigation into Water and Wastewater Service Provision in the Greater Sydney Region – Issues Paper	S9-12
2/03/2005	Energy and Water Licence Compliance Policy	
28/02/2005	Sydney Catchment Authority Operational Audit 2003 – 2004	CP-18
21/01/2005	Sydney Water Corporation Operational Audit 2003 – 2004	CP-17
29/11/2004	Hunter Water Corporation Operational Audit 2003 to 2004	CP-15
17/09/2004	Review of Bulk Water Prices from 2005/2006 – Issues Paper	DP78
1/09/2004	Review of the Operating Licence for State Water Corporation – Issues Paper	DP76
30/07/2004	Investigation into Price Structures to Reduce the Demand for Water in the Sydney Basin 2004 – Final Report	OP-24
2/07/2004	Review of Metropolitan Water Agency Prices from 1 July 2005 – Issues Paper	DP75

continued

Release Date	Publication	Reference No
<b>Gas</b>		
29/06/2005	Revised Access Arrangement for AGL Gas Networks – June 2005 – Report on Further Final Decision	Gas05-03
23/06/2005	Revised Access Arrangement for AGL Gas Networks – June 2005 – Further Final Decision	Gas05-02
29/04/2005	Revised Access Arrangement for AGL Gas Networks – April 2005 – Final Decision	Gas05-01
14/03/2005	Gas Customers Reserve Account – Amendment to Approval under clause 12, Schedule 2 of the Gas Supply Act 1996	
2/03/2005	Energy and Water Licence Compliance Policy	
14/02/2005	ActewAGL Voluntary Transitional Pricing Arrangements	
14/02/2005	AGL Retail Energy Voluntary Transitional Pricing Arrangements	
14/02/2005	Country Energy Voluntary Transitional Pricing Arrangements	
14/02/2005	Origin Energy Voluntary Transitional Pricing Arrangements	
17/12/2004	Revised Access Arrangement for AGL Gas Networks – December 2004 – Draft Decision	Gas04-02
<b>Transport</b>		
20/12/2004	Final Report on the Determination of Fares for State Transit Authority from 4 January 2005	Det04-04
20/12/2004	Report on Fares for Private Buses – From 4 January 2005 – Report to the NSW Minister of Transport Services – Released by the Minister of Transport	
2/12/2004	Review of fares for private ferries in NSW – from 12 December 2004 – Released by Ministry of Transport	
25/10/2004	Review of Fares for Taxis in New South Wales in 2004 – Released by Minister of Transport	
<b>Other Publications</b>		
11/03/2005	Review of Perisher Range Resorts infrastructure pricing – Discussion paper for round-table	
24/05/2005	Report on the Determination of Remaining Mine Life and Rate of Return – NSW Rail Access Undertaking – From 1 July 2004	Det05-03
22/04/2005	NSW Rail Access Undertaking – Pursuant to Schedule 6AA of the Transport Administration Act 1988 (NSW)	
1/03/2005	Review of Financial Aspects of the Ambulance Service of NSW – An Issues Paper	DP81
23/02/2005	Review of rental arrangements for Crown land communication tower sites – Background material for the public round table	OP-25
13/12/2004	Residential energy use in Sydney, the Blue Mountains and Illawarra – Results from the 2003 household survey	RP27
8/10/2004	Investigation of Competitive Neutrality Complaints against the State Valuation Office	S9-11
27/09/2004	Review of Rentals for Crown Land Communication Tower Sites in NSW – Issues Paper	DP79
13/09/2004	Review of Infrastructure Pricing at the Perisher Range Resorts – Issues Paper	DP77
13/09/2004	Extracts from the NPWS Perisher Range Resorts Infrastructure Services Strategy	
23/07/2004	Gambling: Promoting a Culture of Responsibility	
<b>Annual Report</b>		
1/12/2004	IPART Annual Report 2003/04	AR03-04

# Appendix 4

## Staffing and Consultants

### Staffing and equal opportunity policies

#### Equal Employment Opportunity outcomes for the year

- ▼ The Spokeswomen's Program was re-launched at IPART on International Women's Day, in March 2005.
- ▼ Support continues for the Lucy mentoring program co-ordinated by the Department for women.
- ▼ Position Descriptions for senior officers and executives were reviewed to ensure EEO responsibilities were clearly reflected.
- ▼ Advertising of vacant positions were submitted through specialist networks to attract candidates from Aboriginal and Torres Strait Islands and Disability groups.
- ▼ Exit interview pro-forma was modified to capture EEO details for reporting purposes.

#### Planned EEO outcomes for the following year

- ▼ Conduct a staff climate survey
- ▼ Conduct awareness sessions for managers and staff on anti-harassment, bullying and discrimination
- ▼ Review induction program
- ▼ Identify needs and schedule appropriate information sessions for our professional women

### Ethnic Affairs Priority Statement

Progress in implementing EAPS in IPART

- ▼ Information on EAPS is available to all prospective job applicants.
- ▼ Knowledge, understanding and implementation of the principles of cultural diversity as they relate to the job are part of the selection process, evaluation and promotional opportunities.
- ▼ Flexible work practices are supported to enable individuals to meet personal, cultural or religious needs.
- ▼ Provide access to information and publications including tender advertisements via the internet.
- ▼ Advertise in the Ethnic Media where appropriate.

### NSW Government Action Plan for Women

Progress in implementing the plan this year

- ▼ Women comprise 49% of total workforce during the reporting period.
- ▼ 10 female managers (50% of management representation) participated in the executive development program aimed to enhance management and leadership capabilities.
- ▼ Part-time working arrangements utilised by 6 female staff during the reporting period.

continued

**EEO statistics (total staff by level and employment basis)**

Number of employees by category, and comparison to prior three years, as at 30 June 2005

	2005	2004	2003	2002
Chairman and Chief Executive	2	1	2	2
Directors & General Managers	5	7	5	4
Program Managers	9	9	9	9
Managers	4	3	3	3
Analysts	39	36	36	27
General Counsel	1	1	1	1
Legal Officers	2	2	2	2
Support Officers	11	10	11	10
<b>Total number of staff includes full time, part-time, temporaries and graduates</b>	<b>73</b>	<b>69</b>	<b>69</b>	<b>58</b>
Part-time Tribunal Members	1	1	1	1
Temporary Members	2	1	1	1
Total number of Staff including members	76	71	71	60

**Trends in the Representation of EEO Groups**

EEO Group	Benchmark or Target	% of Total Staff			
		2002	2003	2004	2005
Women	50%	46%	48%	51%	49%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	20%	15%	16%	15%	12%
People with a disability	12%	4%	3%	3%	4%
People with a disability requiring work-related adjustment	7%	1.8%	0%	0%	0%

**Trends in the Distribution of EEO Groups**

EEO Group	Benchmark or Target	Distribution Index			
		2002	2003	2004	2005
Women	100	99	97	98	101
Aboriginal people and Torres Strait Islanders	100		0	0	0
People whose first language was not English	100		n/a	n/a	n/a
People with a disability	100		n/a	n/a	n/a
People with a disability requiring work-related adjustment	100		0	0	0



Notes to previous table:

1. Staff numbers are as at 30 June 2005.
2. Excludes casual staff
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

## Industrial relations policies and practices

Personnel policies and practices highlight for this financial year:

- ▼ A Staff Development policy was introduced to detail how the provision of training and development is managed within IPART and how development opportunities may be allocated. Policy defines objectives and examples of staff development, and responsibilities for managing development and attendance.
- ▼ Induction processes were refined for contractors and consultants working on IPART premises
- ▼ Visitor information procedures were reviewed and streamlined to minimise time spent recording visitor details

## Industrial relations – Award

The making of the proposed Crown Employees (Independent Pricing and Regulatory Tribunal 2005) Award between IPART and the Public Service Association and Professional Officer's Association Amalgamated Union of NSW (PSA) includes a proposal to introduce a new salary schedule. The proposed salary schedule provides cost savings, efficiencies and labour flexibility required for IPART to continue to meet its obligations to the NSW Government and remain competitive in attracting high calibre staff. Substantial agreement was reached with staff this year and IPART is awaiting formal Government approval.

## Code of Conduct

There were no changes to the Professional Standards and Behaviour Policy.

## Flexible work practices

IPART's provision of flexible work practices in the form of flexi-time and permanent part-time arrangements is one facet which attracts new applicants to IPART as a preferred employer. These arrangements continue to prove beneficial for both the employee and the organisation providing staff with flexibility to balance their work and family responsibilities.

## Occupational health and safety

### Outcomes

- ▼ Workplace assessments conducted for individuals requiring workstation adjustments for medical reasons.
- ▼ Renewal of office chairs and screen based equipment ensuring up to date ergonomic adjustments.
- ▼ Provision of a sports first aid kit for staff participating in corporate sports games.
- ▼ Continuing support for the annual vaccination against influenza provided by HealthQuest.
- ▼ Induction procedures reviewed to ensure OH&S information and responsibilities are addressed.

There were no prosecutions under the Occupational Health and Safety Act for IPART during this year.

## Corporate Plan

The main components of the corporate plan are shown on page 7 of this report, and progress towards meeting corporate objectives is assessed for each program element on pages 10 to 17. The plan is available on request and may be viewed or downloaded from IPART's website.

## Consultants

During 2004/05, IPART engaged the following consultants for a total expenditure of \$3.42 million (work on some of these consultancies was still proceeding at 30 June):

continued

**Consultants equal to or more than \$30,000**

Consultant	Cost	Title
<b>Engineering</b>		
CH2M Hill Australia Pty Ltd	\$89,560	Hunter Water Corporation Operational Audit 2002–03
Earth Tech Engineering Pty Ltd	\$119,041	Review of infrastructure costs at Perisher Range Resorts
GHD Pty Ltd	\$35,031	Review of Sydney Water's Operating Licence
GHD Pty Ltd	\$110,880	Sydney Catchment Authority Operational Audit 2002-03
GHD Pty Ltd	\$180,036	Sydney Water Corporation Operational Audit 2003-04
Intelligent Energy Systems Pty Ltd	\$52,582	Review of the NSW Production Baseline for Pelican Point Power Station
Sinclair Knight Merz	\$63,118	System Performance Standards and Indicators for State Water Corporation
Sinclair Knight Merz	\$45,105	Ring Fencing Consultancy
The Allen Consulting Group	\$34,205	Review of the terms of conditions in AGL Gas Network's (AGLGN) Access Arrangement
URS Australia Pty Ltd	\$49,091	Engagement of Steve Abrams
<b>Sub Total</b>	<b>\$778,648</b>	

**Finance and Accounting**

Birdanco Nominees Pty Ltd trading as RSM Bird Cameron	\$66,215	Review of miscellaneous charges price proposals
Centre for International Economics	\$206,250	Review of Bulk Water Prices in NSW from 2005/2006
Centre for International Economics	\$36,450	Perisher review
Centre for International Economics	\$111,507	Review of gas Access arrangements and draft of reports
Ernst and Young	\$239,528	Electricity Tariff Equalisation Fund audit of Standard Retail Suppliers and Fund Administrator
Farrier Swier Consulting Pty Ltd	\$238,066	Review of Metropolitan Water Agency Prices 2005
Farrier Swier Consulting Pty Ltd	\$188,401	Review of Pricing and Industry structure for water and wastewater service in Greater Sydney Metropolitan Area
Farrier Swier Consulting Pty Ltd	\$87,618	Demand Management in the NSW Distribution Pricing Regulatory Framework
Frontier Economics	\$187,340	Communication towers rental review
Marsden Jacob Associates	\$139,574	Review of Capital Expenditure, Asset Management and Operating Expenditure of State Water
McLennan Magasanik Associates	\$147,117	Review of consumption forecasts in NSW Metro Water Agencies
Pricewaterhouse Coopers	\$57,569	Review of Financial Aspects of the Ambulance Service of NSW
Taverner Research Company	\$97,800	Survey of Household Water Attitudes
WS Atkins International Ltd	\$408,362	Capital Expenditure, Asset Management, Operating Expenditure Review in NSW Metro Water Agencies
<b>Sub Total</b>	<b>\$2,211,797</b>	

**Management Services**

Phacelift Consulting Services Pty Ltd	\$46,413	Greenhouse Advice
<b>Sub Total</b>	<b>\$46,413</b>	

	Cost
Total consultancies equal to or more than \$30,000	\$3,036,858
<b>Consultants less than \$30,000</b>	
Engineering	\$211,338
Finance and Accounting/tax	\$173,471
<b>Total consultancies less than \$30,000</b>	<b>\$384,809</b>
<b>Total consultancies</b>	<b>\$3,421,667</b>

### Contract executive profile

All IPART's executive staff are employed under contract, under Section 8(2) of the *Independent Pricing and Regulatory Tribunal Act 1992*. They are not formally members of the NSW Senior Executive Service (SES). Conditions of employment are similar to SES conditions, and remuneration has regard to determinations by the Statutory and Other Offices Remuneration Tribunal.

Five contract positions equivalent to SES 1 (\$122,500 or higher), including two held by women, were filled at the end of the financial year, while one position is vacant while the incumbent is on leave without pay.

### Salaries of statutory appointees and contract executives

No performance-related payment (bonus) was made to Statutory Appointees and Contract Executive Staff.

In accordance with Treasury Circular TC00/20, the names of officers, position held, and total salary packages (including superannuation) must be disclosed if salary packages exceed the minimum level of SES Level 5 (\$190,000 at 30 June). At IPART, this applies to:

Name	Position	Total Salary Package
Michael Keating	Chairman (part-time three days per week)	\$232,120
James Cox	Chief Executive Officer and Full time Tribunal member	\$266,984

### Michael Keating

#### Appointed 17 December 2004

The Premier has indicated that during 2004/05 Michael Keating met the performance criteria established for the position of Chairman. The key achievements for 2004/05 were:

- ▼ Accountable for the Tribunal's decision making process and outcomes about pricing determinations, industry inquiries, arbitration of access and competitive neutrality disputes
- ▼ Manages key external relationships and periodically communicates IPART's vision, values, plans and achievements in partnership with the CEO/Permanent Tribunal Member
- ▼ Collaborates closely with the CEO/Permanent Tribunal Member to ensure teams have the best possible information to conduct the review effectively, and that the technical quality of work being done by the Secretariat meets IPART and key stakeholder standards

### James Cox

#### Appointed on 17 December 2004

The Chairman has indicated that during 2004/05 James Cox met the performance criteria established for the position of Chief Executive Officer and Full Time Tribunal Member. The key achievements for 2004/05 were:

- ▼ As the Chief Executive Officer, the Tribunal's professional output and overall operations, including the general conduct and effective, efficient and economical management of the functions and activities of IPART and initiating proposals affecting the Tribunal's strategy and decision-making.
- ▼ As the Full Time Tribunal member, the Tribunal's decision making process and ensuring teams have the best possible information to conduct the reviews effectively, and that the technical quality of work being done by the Secretariat meets IPART and key stakeholder standards.

## Appendix 5 External Liason

**Senior Tribunal staff met with a number of international delegations to provide briefings on IPART's regulatory approach and share information. In 2004/05 staff met with delegations from the Prime Minister's Research Commission of Vietnam, the Korea Water Resources Corporation and the Public Utilities Board of Singapore.**

### Overseas visits

Name	Destination	Dates	Reason for Travel	Total Cost
Margaret Sniffin	Switzerland	3–5 November 2004	4th International Emissions Trading Association Forum on the state of the greenhouse gas market	\$3,485.10
Lauren Jones	Johannesburg	11–12 November 2004	Attend the International Organisation Standardisation Working Group. Costs covered by Standards Australia	
Lauren Jones	The Hague	15–16 March 2005	Attend the International Organisation Standardisation Working Group. Costs covered by Standards Australia	
Robert Fowler	Frankfurt and Cologne	7–14 May 2005	Presentation to the Carbon Expo	\$5,178.70

### External presentations

During the year the following Tribunal Members and Secretariat staff made external presentations on the role and work of IPART:

Presentation	Venue	Date
<b>James Cox, Chief Executive Officer</b>		
Regulation in NSW	Australian National University – Canberra	27 August 2004
Drivers for Demand Management and Energy Efficiency in 2004-9 Distribution network pricing determination	Business of Energy Efficiency – Westin Hotel, Sydney	14 September 2004
Infrastructure investment	Economic Society of Australia – University of Sydney	30 September 2004
Securing NSW's Electricity Future	National Power Conference – Hotel Intercontinental, Sydney	12 October 2004
Presentation on IPART Report on	Gambling Studies Conference 2004 – Conrad Jupiters, Gold Coast	11-12 November 2004
Hunter Water's Compliance with the Licence Obligations	Hunter Water's Consultative Forum	15 December 2004
Regulators Round Table	Water Conference – Melbourne Convention Centre	17 February 2005
Distribution Price Reviews	The 2005 Australian Energy Summit at the Avillion Hotel, Sydney	17 March 2005
Competition in Water	Australian Centre of Regulatory Economics Seminar – Canberra	2 June 2005

Presentation	Venue	Date
The Future of Water	Plastics and Chemicals Industry Association Water Conference on Water Sustainability for Industry – Stamford Sydney Airport Hotel	6 June 2005
Recent Energy Market Regulatory Progress in NSW	The NSW Power and Gas Conference – Novotel Darling Harbour – Sydney	22 June 2005
<b>Colin Reid, Director Water and Transport</b>		
Regulatory roundtable – Assessing the future regulatory landscape	Australian Water Summit, Sydney 2005 – Sydney Convention & Exhibition Centre	30 March 2005
Increasing water reuse through improved water pricing	Water re-use and Recycling 2005 – Carlton Crest Hotel, Sydney	20 April 2005
<b>Meryl McCracken, General Manager Support Services</b>		
Experience with the Treasury Managed Fund's risk assessment tool	The Public Sector Risk Management Association Workshop – Museum of Sydney	25 May 2005
<b>Robert Fowler, Senior Analyst</b>		
NSW GGAS and Power Generation	National Generators Forum, Melbourne	13 October 2004
NSW Greenhouse Gas Abatement Scheme	Climate Action Network Australia, Sydney	25 October 2004
NSW GGAS and BASIX	Climate Change and Business Forum, Auckland	3 November 2004
NSW GGAS; Progress to date and increasing participation	Sustainable Energy Conference 2005, Melbourne	28 April 2005
<b>Lauren Jones, Technical Analyst</b>		
Overview of the NSW Greenhouse Gas Abatement Scheme	Presentation to the Property Council of Australia, Sydney	4 November 2004
<b>Margaret Sniffin, Program Manager</b>		
The NSW Greenhouse Gas Abatement Scheme	Renewable Energy Generators of Australia Forum, Launceston	3 June 2005
NSW GGAS and Energy Efficiency	Australian Industry Group, Sydney	21 June 2005

### Asset management plan

There were no significant changes to IPART's asset management plan.

### Complaints

IPART occasionally receives complaints about its determinations and public procedures. These complaints are acknowledged and, where appropriate, registered as submissions to the relevant investigation.

It also sometimes receives representations concerning the pricing practices or activities of the utilities it regulates. When appropriate, these representations are referred to the relevant agency and to the Electricity and Water Ombudsman.

### Complaints about competitive neutrality

One complaint about non-compliance with competitive neutrality in the State Valuation Office was referred to IPART on 30 June 2004 concerning a tender to provide land valuation services. IPART investigated the complaint in 2004/05 and found that the methodology the State Valuation Office used in calculating its tender prices complies with the principles of competitively neutral pricing.

### Funds granted to non-government community organisations

No funds were granted to non-Government community organisations.

## Privacy plan

There were no changes to IPART's privacy plan in 2004/05, nor any complaints or requests for internal reviews.

## Risk management and insurance

IPART has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2004/05, it had six motor vehicle claims with a net incurred loss of \$12,000 and no property claims.

Access to IPART's premises is controlled by a building security system. This reduces IPART's exposure to property theft due to restricted access to work areas during the day and provides security outside office hours. Building security staff also patrol the office building after hours.

IPART maintained certification under AS7799 for IT security. The IT support contract provides for a Rapid Recovery Service to replace critical equipment in the event of failure.

The Business Continuity Plan developed in 2001/02 was subject to quarterly reviews during the year. Any gaps in critical information were identified and actions undertaken to rectify these issues. This plan includes disaster recovery strategies and a number of schedules of key information and contacts. Copies of the plan are stored in a number of off-site locations.

During 2004/05 IPART applied the risk management self-assessment tool developed by the Treasury Managed Fund's Risk Management Unit and used the results as the basis for developing a formal risk management policy. This policy was not quite finalised by 30 June.

## Internal and external reviews

IPART reviewed the following areas in 2004/05, as part of the internal audit review program. These were:

**Project pricing policy and procedures.** The objectives of the review were to assess the application of the pricing policy and procedures in regard to consulting work performed for government departments and other third parties and to recommend or develop tools to assist in the pricing of projects. Key recommendations of the review included revisions to the pricing policy to clearly indicate the basis for charging for the various types of consulting work and a scale of charges for IPART staff with reference to market rates. IPART accepted and implemented the recommendations.

**Review of records management.** The objective of the assessment was to obtain reasonable assurance that IPART has in place policies and procedures for records management, particularly with regards the use and application of IPART's records management software TRIM, that adequately support the *Business Continuity Plan* and that IPART staff comply with these policies and procedures. The review therefore targeted critical documents and files and compliance with the records management policy and procedures. The evidence gathered in this review shows that IPART Management may have reason to be concerned that the records management system may not give 100 per cent coverage of all its critical records in the case of a major mishap.

The review also found inconsistent naming conventions which made it difficult to conclusively state that all of the documents not found were not in existence on TRIM. The auditors acknowledged that not all documents unable to be located would be classed as critical. IPART agreed on the need to strengthen controls and improve the quality of compliance, and used the opportunity of the upgrade of the records management software from TRIM *Captura* to TRIM *Context* to train all staff in their records management obligations, while streamlining compliance through the improved functionality of the system.

**Energy Licensing Processes and Procedures:** The main objective of the review was to obtain reasonable assurance that IPART has in place adequate policies, procedures and processes for the calculation, billing and collection of the annual energy licence fees and that these processes are compliant with the relevant legislation, ie the *Gas Supply Act 1996* and the *Electricity Supply Act 1995*. This review also covered whether the policies, procedures and processes in place are complied with by IPART staff. The audit undertook testing to establish whether energy licensing fees are calculated in accordance with legislation relevant to the supply of gas and electricity, and whether the amounts calculated are subsequently billed correctly and systems are in place to ensure the money is collected on a timely basis.

The results showed that calculations are performed systematically, accurately and in accordance with the legislation and IPART's own procedures. The amounts as calculated were shown to be invoiced correctly, and collection processes were observed and discussed with staff. No gaps in compliance or apparent weaknesses in processes were observed. The auditors also noted that the files for maintaining the Gas and Electricity documentation are a comprehensive and chronological record of the licensing process. No significant business risks were observed during the course of the review.

## Report on account payment performance

### Aged analysis at the end of each quarter

Quarter	Current i.e. within due date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue
	\$	\$	\$	\$
September Quarter	57,821	0	0	0
December Quarter	16,767	0	0	0
March Quarter	51,284	0	0	0
June Quarter	421,292	0	0	0

### Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid
	Target	Actual	\$	\$
September Quarter	88%	95%	1,643,258	1,760,101
December Quarter	88%	97%	3,596,341	3,665,784
March Quarter	88%	95%	3,744,003	4,597,233
June Quarter	88%	94%	4,037,740	4,179,763

During 2004/2005 there were no instances where penalty interest was paid in accordance with section 18 of the Public Finance and Audit (General) Regulation 1995.

There were no significant events that affected payment performance during the reporting period.

To improve future performance monthly reviews will be conducted in the first six months. The Target will be increased to 90%.

## Waste avoidance and resource recovery

IPART management and staff have an ongoing commitment in the area of waste reduction and regularly review administrative processes to look for further opportunities in this regard.

Strategies employed by IPART to avoid waste and recover resources are as follows:

- ▼ **Reducing the generation of waste paper.** IPART continues to promote its website for access to the many reports published each year, and gives consideration to electronic release of reports wherever possible. Multi-function office machines which enable double-sided copying and printing are also provided and their use encouraged to reduce paper usage.
- ▼ **Recovering resources.** IPART is reusing paper printed on one side for scribble pads and in personal laser printers for draft documents. A paper and cardboard recycling system is followed by IPART staff and managed through an organised building system. Empty toner cartridges are collected by outside organisations for recycling.
- ▼ **Using recycled material.** The majority of paper IPART uses on a daily basis is Green Wrap. This paper contains 50 per cent recycled pulp, 10 per cent waste products from the cotton industry and 40 per cent from sustainable managed plantations. IPART purchases other recycled paper products such as note books and pads wherever possible. Remanufactured toner cartridges are procured for use in all black and white printers.

## **Energy management**

The IPART tenancy achieved an Australian Greenhouse Building rating of 3.5 stars in December 2004. IPART is committed to achieving greater savings in energy usage with a target of 4 stars by July 2006. The principal action implemented has been the extension of timed lighting to all areas of the tenancy. Energy ratings are also a consideration in the purchase of new office machines and equipment.

## **Details of Annual Report production**

The total external cost incurred in the production of the report, including editing, design, photography and all printing processes was \$14,437.05. Extra copies may be purchased at the NSW Government Information Service Bookshop. An electronic copy of this report is available at IPART's website.

This report has been printed on environmentally friendly stock produced from oxygen bleached wood and chlorine-free pulp.



# Appendix 6

## Freedom of Information Act

### Statement of Affairs

Under the *Freedom of Information Act 1989*, every NSW government department or agency is required to publish an annual statement of affairs. The statement describes the structure and functions of the agency and lists categories of documents that are held by the agency. This information is provided in this annual report.

### Availability of information

Copies of all documents in IPART's public access library are available for public inspection at the IPART office, Level 2, 44 Market Street, Sydney 2000, from 9.00 am to 5.00 pm Monday to Friday (inquiries (02) 9290 8400). Copies of all IPART publications are also available from our web site at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

### FOI procedures

To obtain IPART documents other than those identified in the public access library, application must be made in writing under the Freedom of Information Act.

Since many documents are readily accessible through IPART's public access arrangements and website, it is advisable to check the general availability of the document before making an application under the Freedom of Information Act.

FOI applications must be accompanied by a \$30 application fee and directed to:

#### Independent Pricing and Regulatory Tribunal

PO Box Q290  
QVB Post Office  
SYDNEY NSW 1230

Arrangements to inspect or obtain copies of documents can be made by contacting the FOI Co-ordinator on (02) 9290 8400.

### FOI requests in 2004/05

IPART received one request for documents under the Freedom of Information Act in this financial year. Sparke Helmore Lawyers requested all documents relating to IPART's determination for the Office of the Protective Commissioner on changes to the fee structure for fund management under the *Protected Estate Regulation 2003*. IPART released all documents with the exception, with Sparke Helmore's agreement, of third party submissions.

# Index

<b>A</b>		<b>F</b>		<b>P-Q</b>	
Access arrangements	55	Financial statements		Part time work	63
Achievements	8	Auditor-General's opinion	24	Principal achievements	8
Account payment	69	Statement on behalf of IPART	25	Privacy plan	68
Annual report cost	70	Operating statement	26	Process improvement	14,68
Appendices	53,57,59,61,66,71	Financial position	27	Public access	71
Asset management plan	67	Statement of cash flows	28	Public hearings	57
Audit report	24	Summary of compliance	30	Public participation	54
Award initiatives	63	Notes to accounts	31	Publications	59
		Freedom of information	71		
<b>B</b>		<b>H</b>		<b>R</b>	
Budget 2005/06	46	Hearings	57	Role of IPART	6
		Human resource policies and practices	63	Risk management	68
<b>C</b>		<b>I-K</b>		<b>S</b>	
Chairman's report	2	Impacts of determinations	47	Salaries	65
Chief Executive's Report	4	IPART Act 1992	53	Staff profile	62
Code of conduct	63	Industry reviews	8	Stakeholders' involvement/consultation	12
Coming year work program	45	Information technology	14	Standing reference agencies	53
Committees	22	Insurance	68	Submissions	57
Competitive neutrality	67	Key performance indicators	18		
Complaints	67	<b>L</b>		<b>T-U</b>	
Contents	1	Legislative provisions	53	Training	14
Consultants fees	63-64	<b>M-N</b>		Tribunal meetings	57
Consultation with stakeholders	12	Matters to be considered by IPART	54	Tribunal membership	20
Corporate objectives	6	Members	20		
Corporate plan	7	Mission, vision, corporate values	7	<b>W-Z</b>	
		<b>O</b>		Waste Avoidance	69
<b>E</b>		Organisation	20-23	Work program	45
Energy Management	70	Overseas visits	66	Workers' compensation	68
Equal employment opportunity	61	Occupational health and safety	63		
External presentations	66				
Executive	21,22,65				