



Independent Pricing and Regulatory Tribunal

Annual Report 2015-16

October 2016



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Inquiries regarding this document should be directed to:

Michelle James (02) 9113 7740

Independent Pricing and Regulatory Tribunal of New South Wales
PO Box K35, Haymarket Post Shop NSW 1240
Level 15, 2-24 Rawson Place, Sydney NSW 2000
T (02) 9290 8400 F (02) 9290 2061
www.ipart.nsw.gov.au

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Letter of submission

Our reference: 16/379

31 October 2016

The Hon Michael Baird MP
Premier of New South Wales
52 Martin Place
Sydney NSW 2000

Dear Premier

Independent Pricing and Regulatory Tribunal – Annual Report 2015-16

As required by the *Annual Reports (Statutory Bodies) Act 1984*, I am pleased to submit the Independent Pricing and Regulatory Tribunal Annual Report for the year ending 30 June 2016.

Yours Sincerely



Hugo Harmstorf
Chief Executive Officer

The Chair's Foreword

IPART has enjoyed a challenging and rewarding year in which both the functions we perform and the range of issues we have considered have expanded.

Our work is focused on making decisions that protect and promote the ongoing interests of the consumers, taxpayers and citizens of NSW. This year we have undertaken a number of reviews across the key regulated areas of transport, water, local government, and energy.

In May 2016 we concluded an extensive review of the maximum public transport fares to apply for all Opal Card services in Sydney and surrounding areas between 1 July 2016 and 30 June 2018. This was the first time we had reviewed all fares in an integrated manner, which was made possible by the integration of Opal ticketing. As a result we were able to set the overall level of fares, together with recommendations to the Government on how it should set individual fares. In September this year, the Government adopted most of our key recommendations.

Water pricing has been a key focus area, and we delivered four major water price determinations in 2015-16, including Sydney Water, Hunter Water, WaterNSW (Sydney Catchment Authority) and The Water Administration Ministerial Corporation for the period from 1 July 2016 to 30 June 2020.

In conducting these reviews, we identified that wholesale water supply in the Sydney Water and Hunter Water areas required further consideration. We have commenced a specific review to resolve the pricing arrangements between the incumbent water and wastewater suppliers and the alternative suppliers that are emerging under the Water Industry Competition Act.

As part of the Government's reform of local government, in October 2015 we finalised our assessment of which NSW Local Councils were Fit for the Future. The Government drew on these assessments in its amalgamation decisions, and subsequently commissioned IPART to review the rating system used by local government across NSW.

While electricity price regulation was removed in NSW on 1 July 2014, we have continued to monitor the effectiveness of retail competition in meeting consumer needs. In the two years since electricity prices were deregulated there has been a substantial increase in market-led product and service innovation providing

benefits to customers. In setting retail gas prices for 2015-16, we found that competition was working effectively for the vast majority of small gas customers in NSW and that removing gas retail price regulation would likely further promote competition across NSW. The NSW Government recently announced that retail gas prices would be deregulated from 1 July 2017 and IPART will monitor competition in both the electricity and gas markets.

We investigated a range of issues outside of our normal remit during 2015-16 and into 2016-17 including the ethanol mandate and wholesale ethanol pricing, establishing and applying a drought program evaluation framework, reviewing landholder compensation for coal seam gas exploration and reviewing maximum fees and charges for cruise ships in Sydney Harbour.

In addition to considering this broad range of issues, we continued to fulfil our regulatory obligations to assess compliance in water licencing and in the Energy Savings Scheme with a focus on improving our processes and administration.

We were given new functions in relation to the electricity networks, becoming the safety and reliability compliance regulator on 1 July 2015, as well as assessing their compliance with employment guarantees and a Code of Conduct for environmental protection. This is an important new function and we have made considerable changes, including improving bushfire risk management oversight.

I would like to thank my fellow Tribunal members, Catherine Jones and Ed Willett for their contributions to IPART's reviews over the last year. I would also like to thank John Comrie for his contribution as a temporary member for the Fit for the Future review.

I would also like to thank the Secretariat, led by Hugo Harmstorf, who has continued to deliver timely, high quality analysis and reports to the Tribunal across the heavy workload. Together the Secretariat and Tribunal have acted with integrity, continuing to earn the trust of our stakeholders and delivered excellent advice to enable robust decisions.

Finally, I am honoured to have been reappointed until November 2019. I look forward to tackling further challenging reviews and maintaining the standard set this year to deliver high quality decisions and advice.



Peter J Boxall AO
Chair

The Chief Executive Officer's Report

We anticipated that 2015-16 would be a challenging year with an extraordinary workload, and I am pleased to report that IPART rose to the challenge, delivering high quality reports and decisions on time and within budget. This is a testament to both the Tribunal and the Secretariat, who have worked extremely hard to deliver the large and diverse work program outlined by the Chair.

I remain impressed by the professionalism of IPART's staff. We have a highly competent and capable workforce working in an increasingly flexible way so our people can add the most value across our workload. One of our internal focuses in 2015-16 was to begin to better map the capabilities of our staff and to identify opportunities for development, for the mutual benefit of IPART and staff.

Our communication with our stakeholders is critical and our website is one of the key ways people engage with us in lodging submissions or registering to attend a public forum. In 2015-16 we undertook a significant update of the website to ensure that it is informative and easier for stakeholders to engage with us, providing their views and seeking either brief overviews or detailed analysis of our work. This year we will continue to develop the site and our other channels of communication to ensure they meet the evolving needs of our users.

I would like to thank every member of the Secretariat for their dedication, excellence and professionalism. I would also like to thank the Tribunal, and particularly the Chair, for their guidance and support. We are pleased that Peter has been reappointed as Chair of IPART for another term - he brings a wealth of experience and intelligence to the role which is highly valued both within and outside of IPART.

As CEO I am privileged to lead an outstanding team, and look forward to the challenges ahead.



Hugo Harmstorf
Chief Executive Officer

Our organisation

Purpose and objectives

We provide independent regulatory decisions and advice to protect and promote the ongoing interests of the consumers, taxpayers and citizens of NSW.

Strategic direction

To fulfil this purpose, over the next three years we will pursue four strategic directions:

1. Deliver regulatory leadership and high-quality decisions and advice to enhance IPART's contribution to the NSW economy.
2. Keep regulated businesses accountable in accordance with their regulatory requirements.
3. Meet stakeholder expectations through extensive consultations and the delivery of impartial, transparent and balanced determinations.
4. Promote a thriving culture, be an employer of choice, and deliver a well-run organisation where highly professional and capable staff can perform, learn and enjoy.

Values

We have three key values:

- ▼ We act with integrity
- ▼ We earn trust
- ▼ We deliver excellence.

Guiding principles

We have eight guiding principles:

- ▼ **Independence** – we are independent and impartial in our advice and decision making.
- ▼ **Transparency** – we make our processes visible and explain our decisions clearly and simply.
- ▼ **Professionalism** – we conduct ourselves with discipline according to high professional standards, and use resources effectively and efficiently.
- ▼ **Consistency** – we strive to provide a consistent regulatory environment.
- ▼ **Consultation** – we consult extensively and effectively with all stakeholders and consider their concerns and comments.
- ▼ **Balance** – we aim to deliver equitable outcomes by balancing the ongoing interests of the regulated entities, their customers and other stakeholders.
- ▼ **Innovation** – we explore new and better approaches and demonstrate intellectual leadership and innovation.
- ▼ **Practicality** – we aim to deliver pragmatic outcomes that can be achieved efficiently within the statutory framework.

Major stakeholders

Our major stakeholders are:

- ▼ **The consumers, taxpayers and citizens of NSW and their advocates** – our work directly affects consumers' cost of living and influences the quality of services they receive from the publicly owned utilities we regulate. It also influences the value taxpayers receive from the funds invested in these utilities and the provision of public transport services.
- ▼ **The businesses and industries we regulate and their advocates** – our work affects the financial viability and operating environment of the businesses and industries we regulate.
- ▼ **The NSW Government** – our work affects the ability of publicly owned utilities to pay dividends to the Government, and the revenue it receives from public transport fares. Our advice on economic and policy issues influences the productivity, effectiveness and efficiency of Government agencies and State Owned Corporations.

Who we are

We are the independent pricing regulator for water, public transport, local government, electricity and gas industries, as well as the licence administrator of water, electricity and gas and the scheme administrator and regulator for the Energy Savings Scheme. We also undertake reviews and investigations into a wide range of economic and policy issues and perform a number of other roles at the NSW Government's request.

What we do

Our core functions are conferred by legislation, rules and access regimes established by legislation. These functions are to:

- ▼ determine or recommend prices that can be charged for specific services, including certain water, retail gas, public transport and taxi services in NSW
- ▼ administer licensing or authorisation of water, electricity and gas businesses, and monitor compliance with licence conditions
- ▼ regulate private sector access to water and wastewater to encourage competition and re-use
- ▼ maintain a local government cost index, determine the maximum percentage increase in councils' general revenue (rate peg) and special rate variations, and review councils' development contributions plans
- ▼ conduct special reviews at the Government's request under Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act) on issues such as pricing, efficiency, industry structure and competition
- ▼ register agreements for access to public infrastructure assets and arbitrate disputes about agreements for access to public infrastructure
- ▼ investigate complaints about competitive neutrality referred to us by the Government
- ▼ perform specific roles, including:
 - Scheme Administrator and Scheme Regulator for the Energy Savings Scheme and maintain the associated register of energy savings certificates
 - Market Monitor to review and report annually on the performance and competitiveness of the retail electricity market in NSW.

Resources

As at 30 June 2016, we have:

- ▼ 133 full-time equivalent employees
- ▼ \$17.2 million in appropriation from NSW Treasury
- ▼ \$2.3 million in grants from the Crown Finance Entity
- ▼ \$4 million revenue from special reviews.

2015-16 highlights

IPART provides independent regulatory advice and decisions to protect and promote the ongoing interests of the consumers, taxpayers and citizens of NSW

PRICE REGULATION

Determining maximum regulated prices for water, energy, public transport and taxi fares, and local government rates and development contributions



4.9m+

water customers across NSW



3.3m

energy customers prices monitored or regulated



550m+

NSW public transport journeys



3m+

ratepayers across 152 councils

LICENSING AND COMPLIANCE

Issuing licences and monitoring compliance for water and energy services to encourage competition, efficient use of resources and appropriate access to public infrastructure



30

water licences covering 4.9m water users



3,437,167

electricity customers receiving energy via the three networks IPART regulates for safety and reliability



1.8m MWh

energy saved under the Energy Savings Scheme during 2015

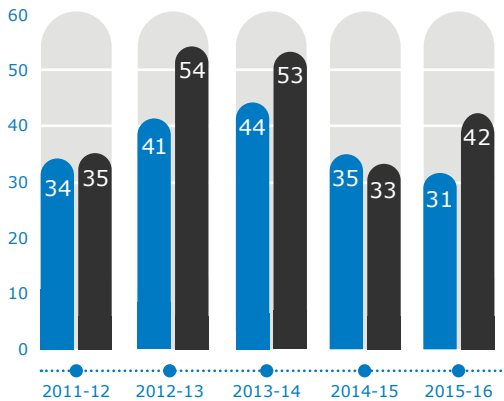
SPECIAL REVIEWS

Recommending improved pricing, efficiency, industry structure and competition reform to support economic growth through:

Health **Infrastructure** **EDUCATION** **TAXIS** **RURAL ISSUES** **Regulation**

REVIEWS AND LICENCES

Historical snapshot of reviews undertaken and licence determinations by year over the past five years



■ Pricing reviews/recommendations (incl. Local Govt SV's and CP's)
■ Licence determinations or recommendations

2014-15 HIGHLIGHTS

ENHANCING NSW ECONOMY THROUGH HIGH-QUALITY DECISIONS



84

reports including 13 determinations and 36 final reports



3

special reviews undertaken at Government request



4

submissions made by IPART to external reviews



stakeholders who agree Tribunal demonstrates leadership

0

legal challenges to IPART decisions

KEEPING REGULATED BUSINESS ACCOUNTABLE



105

audits conducted



5

compliance reports



17

guidelines published to facilitate compliance

10

reporting manuals completed or updated

MEETING STAKEHOLDER EXPECTATIONS

1929

submissions received



31

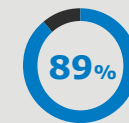
consultations held (hearings and workshops)

120

consultation papers released (93 fact sheets, 15 issues papers, 12 draft reports)

36

final reports published

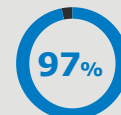


stakeholders who agree or mostly agree IPART's reports are of high quality

PROMOTING A THRIVING ORGANISATIONAL CULTURE

133

full-time equivalent employees

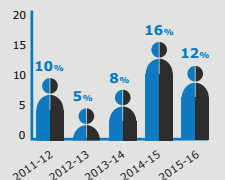


of stakeholders agree or mostly agree IPART staff demonstrate a high level of professionalism



51%

of senior executives are female



Staff turnover trend over the past five years

Our performance against strategic directions

We are currently pursuing four strategic directions to ensure we effectively fulfil our purpose, which is to provide independent regulatory decisions and advice to protect and promote the ongoing interests of the consumers, taxpayers and citizens of NSW. These strategic directions are to:

1. Deliver regulatory leadership, and high-quality decisions and advice to enhance our contribution to the NSW economy.
2. Keep regulated businesses accountable in accordance with their regulatory requirements.
3. Meet stakeholder expectations through extensive consultations and the delivery of impartial, transparent and balanced determinations.
4. Promote a thriving culture, be an employer of choice and deliver a well-run organisation where highly professional and capable staff can perform, learn and enjoy.

Delivering regulatory leadership and high-quality decisions and advice

Water pricing

In 2015-16, we:

- ▼ completed reviews of water and (where applicable) wastewater charges for the following entities, and released price determinations to apply from 1 July 2016:
 - Sydney Water Corporation (Sydney Water)
 - Hunter Water Corporation (Hunter Water)
 - WaterNSW Greater Sydney (formerly the Sydney Catchment Authority)
 - The Water Administration Ministerial Corporation (WAMC) (DPI Water currently undertakes water management activities on behalf of WAMC).
- ▼ commenced our review of Sydney Water's and Hunter Water's prices for their wholesale water and wastewater services to other water utilities.

Energy pricing

In 2015-16, we reviewed regulated gas prices and solar feed-in tariffs, and monitored retail electricity prices and reviewed the reliability standards for electricity transmission. Specifically we:

- ▼ Announced that regulated retail gas prices will increase by an average 0.3% (including inflation) on 1 July 2016. The average change in regulated prices will vary - ranging from a decrease of 7.5% for ActewAGL's Queanbeyan regulated customers to an increase of 0.8% for AGL's regulated customers.
- ▼ Updated our subsidy-free benchmark range for the value of solar feed-in tariffs that some electricity retailers voluntarily offer to customers who are not part of the NSW Solar Bonus Scheme. The benchmark range for 2016-17 is 5.5 to 7.2 c/kWh
- ▼ Completed a review of compensation arrangements for landholders who host coal seam gas (CSG) exploration and production activities on their land. The review's purpose was to recommend a framework for estimating benchmark compensation rates to guide NSW landholders in negotiating land access agreements with gas companies. We recommended landholders use a spreadsheet model we have developed to estimate benchmark compensation rates based on information specific to their own circumstances.
- ▼ Recommended draft reliability standards for electricity transmission by applying an economic assessment to identify the level of reliability that would provide the most value to customers. This assessment takes into account both the cost of providing reliability, which is paid for by customers through their electricity prices, and the costs to customers of experiencing outages.
- ▼ We also commenced our second electricity retail market monitoring review of the performance and competitiveness of the retail electricity market in NSW between July 2015 and June 2016. We will issue a draft report in September 2016 and will provide a final report to the Minister by 30 November 2016.
- ▼ We also commenced a review of the price of wholesale ethanol for use in automotive fuel blends. We will release a draft report in October, invite public submissions, then will finalise our report to Government in December 2016.

Transport pricing

In 2015-16, we undertook a major review of Opal fares for train, bus, ferry and light rail. We also recommended fares for seven private ferry operators and commenced a review of site occupancy charges for cruise ships using Sydney harbour.

We determined maximum public transport fares to apply in Sydney and surrounding areas between 1 July 2016 and 30 June 2019. Our determination limits the increase in the average adult fare to 13% over the 3 years until

June 2019. This means that fares can increase by an average of 4.2% a year (including inflation) over the next three years. Within this overall cap, we also limited the increase in average fares in 2016-17 to 6.6% including inflation.

Farebox under our determination would continue to cover around 25% of efficient costs of providing public transport by 2019, with taxpayers funding the remaining 75% reflecting the benefits public transport provides to the whole community.

We also made 22 recommendations on how fares should be set for individual trips, journeys, and across a week, including:

- ▼ the introduction of a \$2.00 rebate for customers who switch between trains, buses, ferries or light rail on the same journey, and
- ▼ reducing the discount on journeys after 8 journeys are taken in a week from 100% to 50%

We recommended the maximum fares for private ferry services from January 2016:

- ▼ Brooklyn Ferries fares increase by 30 cents (to \$7.00)
- ▼ Church Point Ferry Service fares increase by 30 cents (to \$8.00)
- ▼ Clarence River Ferries fares increase by 30 cents (to \$8.00)
- ▼ Palm Beach Ferry Service fares increase by 10 cents (to \$7.80 and \$11.30 for the Basin and Ettalong services, respectively), and
- ▼ Matilda Cruises, Central Coast Ferries and the Cronulla and National Park Ferry Service fares do not change from 2015 level.

We commenced a review on the maximum site occupation charges the Port Authority should levy on cruise ships for using the Overseas Passenger Terminal, White Bay and any other berths and moorings in Sydney Harbour. We released a draft report in July 2016 and received public submissions. We will provide a final report and recommendations to the Minister in October 2016.

Local government rates, developer contributions and reviews

We set the annual rate peg for 2016-17 at 1.8% to reflect changes in the prices for goods, materials and labour used by an average council.

In May 2016 we made 10 determinations on council applications for special variations to the rate peg, one for minimum rates and three for Crown land adjustments. These determinations came into effect in July 2016.

The approved special variation rate increases ranged from 2.8% for one year to a cumulative 45.3% over four years. We approved five single-year increases and five that will occur over four years.

Councils that received approvals for their special variations demonstrated:

- ▼ there was a need for the special variation
- ▼ there was evidence that the community was aware of the need for and extent of a rate increase
- ▼ the increase on rate payers would be reasonable, having regard to both the current rate levels, existing rate payer base and the purpose of the proposed special variation
- ▼ the relevant Integrated Planning and Reporting documents had been exhibited, and
- ▼ the council had realised productivity improvements and cost containment strategies over the past few years.

We also undertook reviews of three council development contribution plans. Our recommendations included reductions in plan costs of between 9% and 26%, which totalled over \$200 million for the three plans. Our work in this area seeks to support the NSW Government's policy to improve the supply of new housing in Sydney.

In relation to the local government sector we also undertook three reviews under section 9 of the IPART Act. Specifically, we completed assessments of local councils' Fit for the Future proposals, and a review of the reporting and compliance burdens on local government. In December 2015, we started a review of the local government rating system, completing an Interim Report recommending an approach to achieve the Government's policy of freezing rate paths for newly merged councils as part of this review.

These reviews are part of the NSW Government's local government reform priorities to strengthen local communities and deliver more sustainable local government.

Other special reviews at the request of government

In addition to those listed above, during 2015-16, we worked on several other special reviews at the request of Government. These reviews included:

- ▼ Drought Program Evaluation Framework (October 2015 to March 2016)
- ▼ Review of maximum price for Wholesale Ethanol in NSW (February 2016 to December 2016)
- ▼ Review of Multi-peril Crop Insurance Incentive Measures (March 2016 to October 2016).

Submissions to external regulatory reviews

We make submissions to external reviews where the issues are within our bailiwick and we have a substantial contribution to make. In 2015-16, we made four submissions to external reviews:

- ▼ NSW Point to Point Transport Taskforce Discussion Paper - September 2015
- ▼ ACCC 2016 ARTC Hunter Valley Access Undertaking (HVAU) Consultation Paper - February 2016
- ▼ Review of the Water Charge Infrastructure Rules 2010 WCIR- March 2016
- ▼ Public Health Act 2010 Statutory Review Discussion Paper - June 2016.

Delivering regulatory leadership and high-quality decisions and advice – The year ahead

IPART has a challenging year ahead, with major reviews occurring across our water, energy, transport and local government areas.

In water, we are reviewing the prices for the Sydney Desalination Plant and WaterNSW's Rural operations, and continuing our review of Sydney Water's and Hunter Water's prices for their wholesale water and wastewater services to other water utilities. We will complete these reviews in the first half of calendar year 2017. We will also prepare for price reviews that will be undertaken in 2017-18, which include reviews of prices for the Central Coast Council (formerly Gosford City Council and Wyong Shire Council) and Essential Water in Broken Hill, as well as reviews of our water and wastewater developer charges determinations and our approach to regulating recycled water prices.

IPART has been asked to recommend an appropriate rent setting framework for social and affordable housing that improves incentives for workforce participation; and to consider the eligibility criteria, and wait list and prioritisation policies for social housing and other subsidised housing assistance. Our review will also consider ways to ensure the housing assistance system is affordable and easy to understand for clients, and allocations of assistance are needs-based, efficient and equitable. We expect to release an issues paper towards the end of October with submissions due in November, release a draft report for comment in March 2017 with a final report to government in June 2017.

We will continue to assess the competitiveness of the retail electricity market in NSW. We will continue to publish a benchmark rate for solar feed in tariffs. The Government has announced that it will deregulate retail gas prices from 1 July 2017 and that IPART will monitor the retail gas market. We will finalise recommendations on appropriate electricity transmission reliability standards.

We will complete our review of the price of wholesale ethanol for use in automotive fuel blends. In addition, IPART has been given the function of monitoring the retail market for petrol-ethanol blended fuels.

We expect to commence a review of fares for rural and regional bus services and will recommend fares for the seven private ferry operators.

In the local government area, we are reviewing how rates are set by councils in NSW, releasing a draft report in August 2016. We will make our final recommendations in December 2016. We will also continue our rate pegging, special variation and development contribution functions.

Keeping regulated businesses accountable

To keep regulated businesses accountable in accordance with their regulatory requirements, we undertake monitoring and risk-based auditing of their compliance with their licence conditions and/or regulatory requirements.

Water licencing

IPART is responsible for certain regulatory functions related to the operating licences for Sydney Water, Hunter Water and Water NSW. We also undertake functions in accordance with the *Water Industry Competition Act 2008* to make recommendations to the Minister on whether to grant or refuse licences and the administration of those licences.

In 2015-16, we:

- ▼ Commenced the end of term reviews for the Hunter Water Corporation and WaterNSW operating licences. We released issues papers to initiate stakeholder consultation on these reviews in May 2016 and June 2016, respectively.
- ▼ Audited the compliance of Sydney Water Corporation and Hunter Water Corporation against their operating licences.
- ▼ Audited the compliance of WaterNSW against the State Water Corporation and the Sydney Catchment Authority operating licences.
- ▼ Monitored the compliance of 19 network operator's licensees and eight retail supplier's licensees under the WIC Act, including the initiation of 10 operational audits and prepared the 2014-15 Annual Compliance report to the Minister.
- ▼ Received five applications for network operator's licence under the WIC Act.
- ▼ Received two applications for a retail supplier's licence under the WIC Act.
- ▼ Received three applications to vary a licence.
- ▼ Completed our assessment and made recommendations to the Minister that he grant four new network operator licences and one new retail supplier licence.
- ▼ Completed five 5-year licence reviews, including recommendations to vary the conditions of the licences.
- ▼ Assessed and recommended that the Minister cancel two WIC Act licences (one retail and one network operator) at the request of the Licensee (Mirvac Chifley Square, licence no. 12_021R and 12_020).
- ▼ Contributed to the ongoing development of the framework to support the *Water Industry Competition Amendment (Review) Act 2014 (Amendment Act)* which we understand will come into force in mid-2017. During this time, we met with and provided advice to the Metropolitan Water Directorate (the agency responsible for the development of the Act).
- ▼ Continued the development of our approach and processes for assessment and compliance under the Amending Act. Until the Amending Act comes into force, the current licensing arrangements will continue.

Energy licencing

We have a role in holding the electricity network operators in NSW accountable for safety and reliability. We achieve this through a licensing and compliance role. We also administer the licences and undertake compliance for the gas reticulators. We make recommendations to the Minister for Resources and Energy on the granting, variation, cancellation and conditions of licences, and we monitor and enforce licence compliance.

During 2015-16, we monitored the compliance of electricity network operators in NSW with their licences and their relevant legislative requirements, and we will provide our annual compliance report on licence compliance to the Minister for Resources and Energy by 31 October 2016. Specifically we:

- ▼ monitored compliance with parts of the Electricity Supply Act and regulations for eight electricity network operators
- ▼ administered operating licences for four out of the eight electricity network operators
- ▼ administered ten licences/authorisations for gas reticulators
- ▼ audited the compliance of the four licensed electricity network service providers in NSW, TransGrid, Ausgrid, Endeavour Energy, and Essential Energy, against their operating licences
- ▼ audited the compliance of the electricity network operators against the bushfire risk management component of their electricity network safety management systems
- ▼ updated our Audit Guidelines and released a new Reporting Manual
- ▼ published Fact Sheets for the authorised electricity network operators in relation to their compliance with the Employment Guarantees
- ▼ developed a new electricity licence fees model.

Energy Savings Scheme administration and regulation

In our roles as Scheme Regulator and Scheme Administrator for the Energy Savings Scheme (ESS), we aim to protect the integrity of the scheme and the interests of electricity consumers by:

- ▼ monitoring compliance with the energy savings target each calendar year monitoring and managing participants' compliance with legislative requirements and conditions of accreditation
- ▼ ensuring that the Energy Saving Certificates created represent genuine energy savings
- ▼ monitoring, and where possible reducing, the costs of participation in the scheme (as costs are ultimately borne by consumers through the retail price of electricity).

We conducted a number of activities during 2015-16 to improve our administration of the scheme, including:

- ▼ developing a process to more actively manage accreditations that have been inactive
- ▼ adding extra functionality to the ESS Portal (our online administration tool) that will increase both our efficiency and also the efficiency of how our Accredited Certificate Providers (ACPs) and auditors interact with us
- ▼ expanding the scope of our public online workshops and consultation forums to improve our stakeholders' understanding of the ESS legislation and their obligations.

Key points for the Scheme Administration for 2015-16 include:

- ▼ we approved 138 amendments to accreditations, which was up from 69 in 2014-15
- ▼ we cancelled 43 accreditations (up from 20 in 2014-15), either because the ACP requested cancellation, or because the ACP's business was placed in administration or was the subject of a winding up order
- ▼ our audit services panel undertook 82 audits (up from 47 in 2014-15), covering 32 accreditations
- ▼ we accepted 1,227 emerging lighting technology products for use in the scheme (down from 1,869 in 2014-15), including 107 products approved under the Victorian Energy Efficiency Target (VEET) scheme
- ▼ we held 12 online workshops with a total of 107 external participants, and three in-person consultation forums (held quarterly) with a total of 127 external participants
- ▼ the certificate surplus remains high at over 3.9 million certificates as at 30 June 2016.

Key points from our ESS Annual Compliance Report to the Minister for the 2015 calendar year include:

- ▼ The energy savings target was met by Scheme Participants and compliance was high.
- ▼ ACPs created around 3.0 million energy savings certificates during 2015.
- ▼ The compliance performance of ACPs was generally high, although there was an increase in the number of certificates improperly created, primarily due to a large non-compliance event by one ACP. In total, 7.3% of all certificates created from 2015 activities were improperly created, but we have recovered most of these, leaving 0.91% of all certificates created from 2015 activities unrecovered at this stage.

- ▼ When forward creation of certificates and deeming of energy savings is taken into account, we estimate that the actual energy savings realised was 1.8 million MWh during 2015.
- ▼ The average application processing time in 2015 was 87 calendar days, compared to 72 in 2014 and 103 in 2013.
- ▼ The indicative certificate price increased substantially to over \$20 in 2015 from its lowest level in mid-2014 of below \$10.
- ▼ Amendments to the regulatory framework to expand the scope of the ESS by increasing the ESS targets and including gas savings activities for the first time.

Keeping regulated businesses accountable – The year ahead

In our water licensing and compliance role we plan to:

- ▼ Continue liaising with the Department on reforms to the WIC Act and develop our approach and processes for assessment and compliance under the Amending Act.
- ▼ Continue our reviews of the Hunter Water Corporation Operating Licence and the WaterNSW Operating Licences.
- ▼ Audit the compliance of Sydney Water Corporation and Hunter Water Corporation against their operating licences. Audit the compliance of Water NSW against the State Water Corporation and the Sydney Catchment Authority operating licences.
- ▼ Continue to assess licence and variation applications, and to monitor compliance of licensees, under the WIC Act.

In our electricity network safety and reliability role and our energy licensing and compliance role we plan to:

- ▼ Continue to undertake audits of the reliability of electricity distribution network service providers.
- ▼ Assess compliance of electricity networks against their licences, including critical infrastructure requirements (where applicable).
- ▼ Assess compliance of electricity networks against the requirements of the Act, including aspects of their safety management systems such as bushfire preparedness and the employment guarantees (where applicable).
- ▼ Assess compliance of gas reticulators against their licence requirements.

For our administration of the ESS we plan to:

- ▼ review our compliance framework in 2016 to ensure that the way we monitor and manage compliance is effective and efficient, and
 - ▼ review the costs of the ESS.
-

Meeting stakeholder expectations

We encourage and facilitate stakeholder involvement and aim to engage with key stakeholders and representative groups to canvas a wide range of views. We continue to engage stakeholders through numerous mediums to communicate key decisions clearly and simply with 84% of respondents in our most recent stakeholder survey consider that our consultation processes are of high quality¹.

IPART's focus is on enhancing the quality of its work and the rigour of its processes. At least nine in 10 respondents in our most recent stakeholder survey considered that our processes are appropriately promoted, accessible and transparent. In addition, we improved on already satisfactory ratings, indicating that stakeholders have a high level of respect for IPART's staff where 97% of respondents consider our staff demonstrates a high level of professionalism.

We aim to meet stakeholder expectations through extensive consultations and the delivery of impartial, transparent and balanced determinations. Key outputs for 2015-16 include:

- ▼ 120 consultation papers released:
 - 93 Fact Sheets
 - 15 Issues Papers / Discussion Papers
 - 12 Draft Reports
- ▼ 31 consultation hearings and workshops
- ▼ 1929 submissions received
- ▼ 36 Final Reports.

We published 120 consultation papers to explain our decisions to stakeholders, and make our approach and rationale for making these decisions transparent. 84% of respondents in our stakeholder survey consider that our consultation processes are of high quality² while 89% of respondents consider that our reports are of high quality.³

Promoting a thriving culture

As at 30 June 2016, IPART had 151 employees. This represented a 12.6% increase in headcount on the previous financial year. The increase resulted due to an additional function (energy network regulation) and additional special reviews undertaken by IPART.

¹ See Ipsos, *2015 Stakeholder Research – IPART – Final Report*, July 2015, p 12.

² See Ipsos, *2015 Stakeholder Research – IPART – Final Report*, July 2015, p 12.

³ See Ipsos, *2015 Stakeholder Research – IPART – Final Report*, July 2015, p 18.

We have focussed on supporting all of our staff in developing high performing teams that are agile, to allow us to undertake the work given to us by Government.

Employer of choice

We aim to promote a thriving culture, be an employer of choice, and deliver a well-run agency where highly professional and capable staff can perform, learn and enjoy. Specifically we:

- ▼ Continue to treat all employees fairly and with respect regardless of gender, age, race, disability, ethnicity or religious beliefs.
- ▼ Further develop awareness and understanding of cultural diversity and develop a work environment that values cultural differences.
- ▼ Proactively develop our employees at all levels and always ensure pay equity.
- ▼ Recognise and reward performance, suitability and competence in IPART's recruitment and selection processes regardless of the diversity characteristics of any particular applicant. The recruitment, promotion and development decisions are based on merit without cultural bias.
- ▼ Ensure all internal and external hiring decisions are underpinned by fair, transparent and capability-based selection methods.
- ▼ Continue to support flexible working arrangements.

We have enjoyed high staff retention rates for many years. The overall staff retention rate for the year remains high at 88%. We employ 151 staff of which 78 (51.7%) are female, and 18 (51.4%) of those 35 senior executives are female, which exceeds the Premier's priority target of 50% women in executive roles.

Greater staff mobility was one of the key principles behind our new organisational structure, and throughout the year we consistently encouraged and supported staff who choose to move between teams or take on secondments with other government agencies.

Developing our people through a well-run organisation where highly professional staff can perform, learn and enjoy

IPART is committed to developing an agile, high performing workforce and providing the opportunities and environment to promote the knowledge, experience and skill transfer between people. In 2016, we introduced a major review of our performance enhancement system. These changes were implemented to ensure we:

- ▼ had a consistent standard in providing performance feedback to all employees
- ▼ contributed to individual and organisation development plans and

- ▼ provided valuable information as part of whole of organisation talent reviews, which supported personal development and career progression.

In supporting the continual growth and development of our employees, we made investments in staff training and supported the ongoing education of our employees. On average, we invested approximately \$1,302 per employee.

Our leadership structure and people

Our organisation is led by a Tribunal whose members are appointed by the Premier, and supported by a Secretariat providing analysis, research, advisory and administrative services.

The Tribunal

The Tribunal comprises three permanent members: a Chair and two Tribunal Members. The Premier may appoint any number of additional temporary members where required. While no new temporary members were appointed for 2015-16, John Comrie continued as a temporary tribunal member until 31 October 2015.

The Chairman and Tribunal Members are appointed for terms of up to five years on the basis of their knowledge and understanding of economics, the interests of consumers, and the interests of suppliers of services (including the Government).



Dr Peter J Boxall AO

Chair

B Econ (Hons), M Econ, PhD

Peter Boxall joined the Tribunal after a distinguished career in the Australian public sector, where he made a recognised contribution to economic and financial policy development and reform in the areas of accrual budgeting, taxation, and workplace relations. Previously, Peter was a Commissioner at the Australian Securities and Investments Commission for three years. He also held senior executive positions in the Australian Government, including Secretary of the Department of Resources, Energy and Tourism, Secretary of the Department of Employment and Workplace Relations, and Secretary of Finance and Administration. Peter was initially appointed to the Tribunal from 23 November 2011 for a term of five years. This was extended for a further three years until 22 November 2019.



Ms Catherine Jones

Tribunal Member

BE (Mech)(Hons), MBA (Executive)

Catherine Jones brings extensive experience in the private sector, particularly in the areas of project management, and commercial and risk management. Catherine was appointed to the Tribunal from 24 March 2014 for a term of four years.



Mr Ed Willett

Tribunal Member

BEc, LLB, Dip. Int. Law

Ed Willett has 25 years' experience in competition policy and economic regulation, with a particular focus on the economic regulation of utility services. He was a commissioner at the Australian Competition and Consumer Commission until 2013 and an inaugural member of the Australian Energy Regulator in 2005. Ed was appointed to the Tribunal from 8 December 2014 for a term of five years.

Delegated powers

As is allowed under the IPART Act, the Tribunal delegates some of its functions to support its efficient and timely operation, and allow its members to focus on the more important or complex issues at its meetings.

During 2015-16, the Tribunal delegated certain administrative functions to the CEO to enable him to make decisions on more routine matters. The terms of this delegation were wide ranging and allowed the delegate, for example, to exercise the pricing and industry functions of the Tribunal except for the function of making a determination or issuing a report to the Minister.

Similarly, the Tribunal delegated its responsibilities regarding the administration of the Energy Savings Scheme to a separate committee under the *Electricity Supply Act 1995*. The Minister for Resources and Energy approved this delegation. The Tribunal delegated scheme administrator functions to a committee comprising Ed Willet, Brian Spalding and Fiona Towers. The committee met 21 times in 2015-16.

In addition, the Tribunal has delegated its responsibilities regarding reviewing Local Government Contributions Plans under the *Environmental Planning and Assessment Act 1979* to a committee. The committee comprised Catherine Jones (Chair), Matthew Edgerton and Stuart McDonald, and met 10 times in 2015-16.

The Tribunal has also delegated its responsibilities of the Electricity Networks assets, relevant licensing, technical and safety functions under the *Electricity Supply Act 1995*, the *Electricity Supply (Safety and Network Management) Regulation 2014*, and the *Electricity Network Assets (Authorised Transactions) Act 2015* to a committee. The committee comprised Ed Willet (Chair) and Brian Spalding and met nine times in 2015-16. Formal instruments of delegation were approved by the Tribunal.

The Secretariat

The Secretariat assists the Tribunal and its delegated committees by providing research and advisory services, and supporting investigations and public processes. The Secretariat includes:

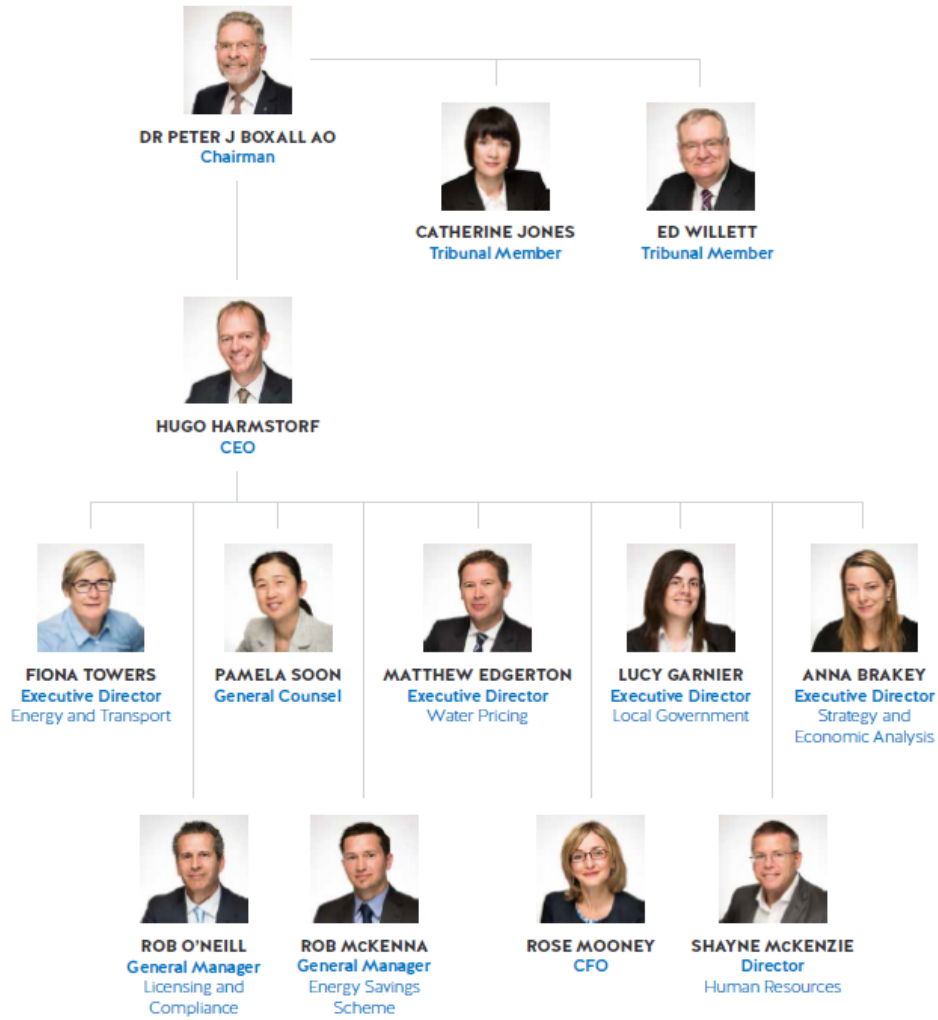
- ▼ **The Chief Executive Officer** who manages nine executive staff, and is responsible for the Tribunal's professional output and overall operations. The CEO is accountable for the quality of this professional output, and for the general conduct and effective, efficient and economical management of our functions and activities. The CEO attends Tribunal meetings to provide input to the Tribunal's decision-making process and to ensure teams have the best possible information to conduct reviews effectively.
- ▼ **A team of nine senior executives** who together with the CEO form the Core Executive, responsible for delivering high-quality, accurate, timely and clear advice that the Tribunal relies on in decision making. These executives lead our teams of professional, legal and support services staff, or provide specialised technical advice aimed at maintaining our high standards and ensuring we are at the frontier of economic regulation and scheme administration.
- ▼ **Professional/analytical staff** who work in industry-based teams, undertaking research, investigation and analysis to provide professional advice to the Tribunal members. Many are economists and financial/accounting analysts, while some have engineering, planning and financial modelling capabilities.

- ▼ **Legal staff** who provide advice on the legal issues that arise in carrying out our functions.
- ▼ **Support services staff** who provide information technology, general administrative, and personnel support to the operational areas, and manage our processes, including the public registry, submissions, and the preparation and publication of reports and our website.

In addition, for many of our reviews, we commission consultants to undertake additional research and provide the Tribunal with the highest quality advice on complex topics.

IPART

Organisation chart



Financial reports



INDEPENDENT AUDITOR'S REPORT

Independent Pricing and Regulatory Tribunal Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Independent Pricing and Regulatory Tribunal Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

The Members' Responsibility for the Financial Statements

The Members of Independent Pricing and Regulatory Tribunal are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members must assess the Agency's ability to continue as a going concern unless the Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

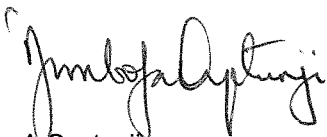
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



A. Oyetunji
Director, Financial Audit Services

16 September 2016
SYDNEY

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

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 report has been prepared in accordance with applicable Australian Accounting Standards, (which include Australian equivalents to International Financial Reporting Standards (AIFRS)), other authoritative pronouncements of the Australian Accounting Standards Board, (AASB), Urgent Issues Group (UIG) Interpretations, the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial report exhibits a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal Staff Agency as at 30 June 2016 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.



Hugo Harmstorf
Chief Executive Officer

16 September 2016

**Independent Pricing and Regulatory Tribunal
Staff Agency**

**Financial Statements
for the year ended 30 June 2016**

Independent Pricing and Regulatory Tribunal Staff Agency
Statement of comprehensive income
for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses			
Employee related expenses	2	<u>22,652</u>	19,496
Total Expenses excluding losses		<u>22,652</u>	19,496
Revenue			
Personnel services revenue	3(a)	21,748	18,545
Acceptance by the Crown Entity of employee benefit and other liabilities	3(b)	<u>904</u>	<u>951</u>
Total Revenue		<u>22,652</u>	19,496
Net result		<u>-</u>	<u>-</u>
Other comprehensive income			
Total other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Independent Pricing and Regulatory Tribunal Staff Agency
Statement of financial position
as at 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	74	100
Receivables	5	<u>2,722</u>	<u>2,744</u>
Total Current Assets		<u>2,796</u>	<u>2,844</u>
Total Assets		<u>2,796</u>	<u>2,844</u>
LIABILITIES			
Current Liabilities			
Payables	6	94	678
Provisions	7	<u>2,396</u>	<u>1,904</u>
Total Current Liabilities		<u>2,490</u>	<u>2,582</u>
Non-Current Liabilities			
Provisions	7	<u>306</u>	<u>262</u>
Total Non-Current Liabilities		<u>306</u>	<u>262</u>
Total Liabilities		<u>2,796</u>	<u>2,844</u>
Net Assets		<u>-</u>	<u>-</u>
EQUITY			
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal Staff Agency
Statement of changes in equity
for the year ended 30 June 2016**

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2015	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2016	-	-
Balance at 1 July 2014	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2015	-	-

Independent Pricing and Regulatory Tribunal Staff Agency
Statement of cash flows
for the year ended 30 June 2016

	Actual	Actual
	2016	2015
Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	<u>(21,796)</u>	<u>(18,307)</u>
Total Payments	<u>(21,796)</u>	<u>(18,307)</u>
Receipts		
Personnel services	<u>21,770</u>	<u>18,351</u>
Total Receipts	<u>21,770</u>	<u>18,351</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	9 <u>(26)</u>	44
NET INCREASE/ (DECREASE) IN CASH	(26)	44
Opening cash and cash equivalents	<u>100</u>	<u>56</u>
CLOSING CASH AND CASH EQUIVALENTS	4 <u>74</u>	100

The accompanying notes form part of these financial statements.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Independent Pricing and Regulatory Tribunal Staff Agency (Staff Agency) is public service agency established under the *Administrative Arrangements Order 2014* and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the I PART Division established under the former Public Sector Employment and Management Act 2002). It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 15, 2-24 Rawson Place, Sydney 2000.

The Staff Agency's objective is to provide personnel services to The Independent Pricing and Regulatory Tribunal.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive Officer on 16 September 2016.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

(c) Statement of compliance

The Staff Agency's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

(e) Assets

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies (cont'd)

(f) *Liabilities*

(i) Payables

These amounts represent liabilities for goods and services provided to the Staff Agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on the Staff Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Staff 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 at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(iii) Other Provisions

Other provisions exist when: the Staff Agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

**Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

(f) Liabilities (cont'd)

(iii) Other Provisions (cont'd)

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(g) Comparative information

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

(h) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year. The Staff Agency anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments
- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC16/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector

Management cannot assess and determine the impact of these new Standards and Interpretations to the Staff Agency's financial statements.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

2 Expenses Excluding Losses

	2016 \$'000	2015 \$'000
Employee related expenses		
Salaries and wages (including annual leave)	19,165	15,311
Superannuation - defined benefit plans	18	68
Superannuation - defined contribution plans	1,182	1,164
Long service leave	876	872
Workers compensation insurance	81	101
Payroll tax and fringe benefit tax	1,035	933
Redundancy Payments	173	1,028
On costs (annual leave and long service leave)	122	19
	22,652	19,496

The redundancy costs of \$173K (2015 \$1,028K) were incurred as a direct result of implementing the Government Sector Employment Act 2013.

3 Revenue

	2016 \$'000	2015 \$'000
(a) Personnel services revenue		
Personnel services	21,748	18,545
	21,748	18,545
	2016 \$'000	2015 \$'000
(b) Acceptance by the Crown Entity of employee benefit		
Superannuation - defined benefit	27	75
Long Service Leave	876	872
Payroll tax	1	4
	904	951

4 Current Assets- Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash at bank and on hand	74	100
	74	100

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	74	100
Closing cash and cash equivalents (per statement of cash flows)	74	100

Refer Note 10 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

5 Current Assets - Receivables

	2016 \$'000	2015 \$'000
Personnel services	<u>2,722</u>	<u>2,744</u>
	<u>2,722</u>	<u>2,744</u>

6 Current Liabilities - Payable

	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	20	578
Creditors	<u>74</u>	<u>100</u>
	<u>94</u>	<u>678</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 10.

7 Current / Non-Current Liabilities - Provisions

	2016 \$'000	2015 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	1,834	1,476
Long service leave on-costs	46	46
Banked flex leave	236	144
Payroll tax	<u>280</u>	<u>238</u>
Total current provisions	<u>2,396</u>	<u>1,904</u>
Non-current		
Employee benefits and related on-costs		
Long service leave on-costs	<u>306</u>	<u>262</u>
Total non- current provisions	<u>306</u>	<u>262</u>
Aggregate employee benefits and related on-costs		
Provisions - current	2,396	1,904
Provisions - non-current	306	262
Accrued salaries, wages and on-costs (Note 6)	<u>20</u>	<u>578</u>
	<u>2,722</u>	<u>2,744</u>

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

7 Current / Non-Current Liabilities - Provisions (cont'd)

	2016 \$'000	2015 \$'000
Employee benefits expected to be settled within 12 months from the reporting date		
Annual leave	<u>1,468</u>	<u>1,181</u>
	<u>1,468</u>	<u>1,181</u>
Employee benefits expected to be settled in more than 12 months from the reporting date		
Annual leave	<u>366</u>	<u>295</u>
	<u>366</u>	<u>295</u>

8 Contingent Liabilities and Contingent Assets

The Staff Agency has no contingent liabilities and contingent assets as at 30 June 2016 (2015 Nil).

9 Reconciliation of Cash Flows from Operating Activities to Net Result

	2016 \$'000	2015 \$'000
Net cash used on operating activities	(26)	44
Decrease / (increase) in provisions	22	19
Increase / (decrease) in prepayments and other assets	(22)	194
Decrease / (increases) in creditors	<u>26</u>	<u>(257)</u>
Net result	<u>-</u>	<u>-</u>

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

10 Financial Instruments (cont'd)

10 Financial Instruments

The Independent Pricing and Regulatory Tribunal Staff Agency's principal financial instruments are short term receivables and payables. These instruments expose the Staff Agency primarily to credit risk on short term receivables. The Staff Agency does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2016 \$'000	Carrying Amount 2015 \$'000
Class:				
Cash and cash equivalents	4	N/A	74	100
Receivables ¹	5	Loans and receivables (at amortised cost)	2,764	2,744
Financial Liabilities				
Class:				
Payables ²	6	Financial liabilities measured at amortised cost	94	678

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7).

(b) Credit Risk

Credit risk arises from the financial assets of the Staff Agency, which are receivables. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

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

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. The balance owing represents monies due from the Independent Pricing and Regulatory Tribunal. Sales are made to them on 14 day terms.

No financial assets are past due or impaired.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

10 Financial Instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. The Staff Agency continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2015 nil).

The table below summarises the maturity profile of the Staff Agency's financial liabilities, together with the interest rate exposure.

	\$'000				
	Nominal Amount ¹	Interest Rate Exposure	Maturity Dates		
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2016					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	20	20	20	-	-
Creditors	<u>74</u>	<u>74</u>	<u>74</u>	<u>-</u>	<u>-</u>
	<u>94</u>	<u>94</u>	<u>94</u>	<u>-</u>	<u>-</u>
2015					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	578	578	578	-	-
Creditors	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>
	<u>678</u>	<u>678</u>	<u>678</u>	<u>-</u>	<u>-</u>

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Tribunal's exposure to market risk is primarily through interest rates on cash and cash equivalents. The Staff Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Independent Pricing and Regulatory Tribunal Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

10 Financial Instruments (cont'd)

Interest rate risk

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Staff Agency's exposure to interest rate risk is set out below.

	Carrying Amount	- 1% Profit \$'000	Equity \$'000	+ 1% Profit \$'000	Equity \$'000
2016					
<i>Financial assets</i>					
Cash and cash equivalents	74	-	-	-	-
Receivables	2,722	-	-	-	-
Total	2,796	-	-	-	-
2015					
<i>Financial assets</i>					
Cash and cash equivalents	100	-	-	-	-
Receivables	2,744	-	-	-	-
Total	2,844	-	-	-	-

(d) Fair value measurement

Fair value compared to carrying amount

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

11 Events after the Reporting Period

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

End of audited financial statements.



INDEPENDENT AUDITOR'S REPORT

Independent Pricing and Regulatory Tribunal

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Independent Pricing and Regulatory Tribunal (the Tribunal), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Tribunal and the consolidated entity. The consolidated entity comprises the Tribunal and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Tribunal as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

The Members' Responsibility for the Financial Statements

The Members of Independent Pricing and Regulatory Tribunal are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members must assess the Tribunal's ability to continue as a going concern unless the Tribunal will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



A Oyetunji
Director, Financial Audit Services

16 September 2016
SYDNEY

**STATEMENT ON BEHALF
OF THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL
AND IT'S CONSOLIDATED ENTITY**

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 report has been prepared in accordance with applicable Australian Accounting Standards, (which include Australian equivalents to International Financial Reporting Standards (AIFRS)), other authoritative pronouncements of the Australian Accounting Standards Board, (AASB), Urgent Issues Group (UIG) Interpretations, the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial report exhibits a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal of New South Wales and its Consolidated Entity as at 30 June 2016 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.



Hugo Harmstorf
Chief Executive Officer

16 September 2016

**Independent Pricing and Regulatory Tribunal
and its Consolidated Entity**

**Financial Statements
for the year ended 30 June 2016**

Independent Pricing and Regulatory Tribunal
Statement of comprehensive income
for the year ended 30 June 2016

	Notes	Consolidated		Tribunal		
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	22,652	19,414	19,496	-	-
Other operating expenses	2(b)	9,876	8,081	7,768	9,876	7,768
Personnel services		-	-	-	21,748	18,545
Depreciation and amortisation	2(c)	1,020	1,004	666	1,020	666
Total Expenses excluding losses		33,548	28,499	27,930	32,644	26,979
Revenue						
Recurrent appropriation	3(a)	17,100	17,100	26,594	17,100	26,594
Capital appropriation	3(a)	180	180	180	180	180
Sale of goods and services	3(b)	4,075	1,249	724	4,075	724
Investment revenue	3(c)	-	-	255	-	255
Grants and contributions	3(d)	2,338	-	1,582	2,338	1,582
Acceptance by the Crown						
Entity of employee benefits and other liabilities	3(e)	904	365	951	-	-
Other revenue	3(f)	243	-	455	243	455
Total Revenue		24,840	18,894	30,741	23,936	29,790
Gain / (loss) on disposal	4	-	-	(61)	-	(61)
Other gains/ (losses)	5	(1)	-	193	(1)	193
Net result		(8,709)	(9,605)	2,943	(8,709)	2,943
Other comprehensive income						
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(8,709)	(9,605)	2,943	(8,709)	2,943

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal
Statement of financial position
as at 30 June 2016**

	Notes	Consolidated		Tribunal			
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	7	1,793	737	10,097	1,719	737	9,997
Receivables	8	1,463	996	180	1,463	996	180
Total Current Assets		3,256	1,733	10,277	3,182	1,733	10,177
Non-Current Assets							
Plant and Equipment	9	382	-	540	382	-	540
Leasehold Improvement	9	2,992	3,662	3,681	2,992	3,662	3,681
Plant and equipment	9	3,374	3,662	4,221	3,374	3,662	4,221
Intangible assets	10	40	-	12	40	-	12
Total Non-Current Assets		3,414	3,662	4,233	3,414	3,662	4,233
Total Assets		6,670	5,395	14,510	6,596	5,395	14,410
LIABILITIES							
Current Liabilities							
Payables	11	1,757	1,778	1,424	1,683	1,778	1,324
Provisions	12	2,396	1,817	1,904	2,702	1,817	2,166
Other		-	519	-	-	519	-
Total Current liabilities		4,153	4,114	3,328	4,385	4,114	3,490
Non-Current Liabilities							
Provisions	12	875	589	831	569	589	569
Total Non-Current Liabilities		875	589	831	569	589	569
Total Liabilities		5,028	4,703	4,159	4,954	4,703	4,059
Net Assets		1,642	692	10,351	1,642	692	10,351
EQUITY							
Accumulated funds		1,642	692	10,351	1,642	692	10,351
Total Equity		1,642	692	10,351	1,642	692	10,351

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal
Statements of changes in equity
for the year ended 30 June 2016**

Consolidated / Tribunal	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2015	10,351	10,351
Net result for the year	<u>(8,709)</u>	<u>(8,709)</u>
Other comprehensive income:		
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(8,709)</u>	<u>(8,709)</u>
Balance at 30 June 2016	<u>1,642</u>	<u>1,642</u>

Consolidated / Tribunal	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2014	7,408	7,408
Net result for the year	<u>2,943</u>	<u>2,943</u>
Other comprehensive income:		
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>2,943</u>	<u>2,943</u>
Balance at 30 June 2015	<u>10,351</u>	<u>10,351</u>

Independent Pricing and Regulatory Tribunal
Statement of cash flows
for the year ended 30 June 2016

	Consolidated			Tribunal		
	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related	(21,796)	(19,348)	(18,307)	-	-	-
Personnel services	-	-	-	(21,770)	(19,348)	(18,351)
Other	(10,034)	(9,302)	(9,616)	(10,034)	(9,302)	(9,616)
Total Payments	(31,830)	(28,650)	(27,923)	(31,804)	(28,650)	(27,967)
Receipts						
Recurrent appropriation	17,100	17,100	26,594	17,100	17,100	26,594
Capital appropriation (excluding equity appropriations)	180	180	180	180	180	180
Sale of goods and services	3,751	1,249	1,956	3,751	1,249	1,956
Interest received	114	-	281	114	-	281
Grants and contributions	2,338	-	1,582	2,338	-	1,582
Other	244	1,221	472	244	1,221	472
Total Receipts	23,727	19,750	31,065	23,727	19,750	31,065
NET CASH FLOWS FROM OPERATING ACTIVITIES	(8,103)	(8,900)	3,142	(8,077)	(8,900)	3,098
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of plant and equipment	(201)	(580)	(3,748)	(201)	(580)	(3,748)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(201)	(580)	(3,748)	(201)	(580)	(3,748)
NET INCREASE / (DECREASE) IN CASH	(8,304)	(9,480)	(606)	(8,278)	(9,480)	(650)
Opening cash and cash equivalents	10,097	10,217	10,703	9,997	10,217	10,647
CLOSING CASH AND CASH EQUIVALENTS	1,793	737	10,097	1,719	737	9,997

The accompanying notes form part of these statements.

**Independent Pricing and Regulatory Tribunal
Summary of compliance with financial directives**

Consolidated / Tribunal	2016				2015			
	RECURRENT APPROPRIATION \$'000	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND \$'000	Capital Appropriation \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	Recurrent Appropriation \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	Capital Appropriation \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
• Appropriation Act	17,100	17,100	180	180	26,597	26,594	180	180
	17,100	17,100	180	180	26,597	26,594	180	180
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	17,100	17,100	180	180	26,597	26,594	180	180
Amount draw down against Appropriation		17,100		180		26,594		180
Liability to Consolidated Fund		-		-		-		-

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

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Independent Pricing and Regulatory Tribunal (the Tribunal) is an independent statutory entity. The Tribunal is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Tribunal as a reporting entity comprises all the entities under its control, namely: Independent Pricing and Regulatory Tribunal Staff Agency (Staff Agency). The Staff Agency is a public service agency established under the *Administrative Arrangements Order 2014* and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the IPART Division established under the former *Public Sector Employment and Management Act 2002*). All employee provisions are now held within the Staff Agency, and are shown in the consolidated section of these statements.

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

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive Officer on 16 September 2016.

(b) Basis of preparation

The Tribunal's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) 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 income, expenses, assets and liabilities, but are disclosed in Note 17 as "Administered Assets" and "Administered Liabilities".

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

(e) 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.

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies (cont'd)

(f) Accounting for the Goods and Services Tax (GST)

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

- 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 and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flow on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Appropriations are not recognised as income in the following circumstances:

- Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 12 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 17 "Administered assets and liabilities".

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Tribunal transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(h) Assets

(i) 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 the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets (cont'd)

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Impairment of financial assets

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

(vi) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

(h) *Assets (cont'd)*

(vii) Depreciation of property, plant and equipment

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.

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

Depreciation Rates	2016 % Rate
Intangible Asset	
Computer software	25
Registry software	20
Plant & Equipment	
Office furniture and fittings	10
Computer equipment and hardware acquired before 29 June 2012	33
Computer equipment and hardware acquired after 29 June 2012	25
General plant and equipment	14
Leasehold improvements – depreciated over the period of the lease	

(viii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

(x) 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 commencement of the lease term. 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 statements of comprehensive income in the periods in which they are incurred.

(xi) Intangible assets

The Tribunal recognises intangible assets only if it is probable that future economic benefits will flow to the Tribunal and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Tribunal's intangible assets, the assets are carried at cost less any accumulated amortisation.

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets (cont'd)

(xi) Intangible assets (cont'd)

The Tribunal's intangible assets are amortised using the straight line method over a period of four years.

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

(xii) Other assets

Other assets are recognised on a cost basis.

(xiii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Tribunal and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits and other provisions

Employee benefits are provided to the Tribunal by the Staff Agency. The Tribunal recognises personnel services expenses and provisions for these benefits.

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Tribunal has assessed the actuarial advice based on the Tribunal's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

The Tribunal's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Tribunal 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".

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

(i) *Liabilities (cont'd)*

(ii) Employee benefits and other provisions (cont'd)

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(iii) Other Provisions

Other provisions exist when: the Tribunal has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(j) Fair value hierarchy

Fair value hierarchy disclosure under AASB 13 *Fair Value Measurement*, is not required as the Tribunal's assets are non-specialised assets with short useful lives and measured at depreciated historical cost as an approximation of fair value.

(k) Equity

(i) Accumulated Funds

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

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 15.

(m) Comparative information

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

1 Summary of Significant Accounting Policies (cont'd)

(n) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year. The Tribunal anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding amendments to Financial Instruments
- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC16/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Custom
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-20
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Public Sector

Management cannot assess and determine the impact of these new Standards and Interpretations to the Tribunal's financial statements.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

2 Expenses Excluding Losses

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Personnel services				
Salaries and wages (including annual leave)	19,165	15,311	-	-
Superannuation - defined benefit plans	18	68	-	-
Superannuation - defined contribution plans	1,182	1,164	-	-
Long service leave	876	872	-	-
Workers compensation insurance	81	101	-	-
Payroll tax and fringe benefit tax	1,035	933	-	-
Redundancy Payments	173	1,028	-	-
On costs - annual leave and long service leave	122	19	-	-
	22,652	19,496	-	-

The redundancy costs of \$173K (2015 \$1,028K) were incurred as a direct result of implementing the Government Sector Employment Act 2013.

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(b) Other operating expenses include the following:				
Advertising	74	83	74	83
Auditor's remuneration - audit of the financial statements	39	38	39	38
Cleaning and outgoings	402	270	402	270
Consultancies	3,384	1,547	3,384	1,547
Contractors	1,646	2,048	1,646	2,048
Insurance	-	24	-	24
Internal audit fees	98	119	98	119
Legal costs	606	467	606	467
Operating lease rental expense - minimum lease payments	1,066	1,101	1,066	1,101
Travel	115	85	115	85
Other expenses	1,157	783	1,157	783
Corporate services	608	481	608	481
Electronic Data Processing expenses	612	704	612	704
Maintenance expenses	69	18	69	18
	9,876	7,768	9,876	7,768
<i>* Reconciliation - Total maintenance</i>				
Maintenance expense - other (non-employee related), as above	69	18	69	18
Total maintenance expenses included in Note 2(a) + 2(b)	69	18	69	18

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

3 Expenses Excluding Losses (cont'd)

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(c) Depreciation and amortisation expense				
Depreciation:				
Plant and Equipment	213	209	213	209
Leasehold Improvements	802	447	802	447
Total Depreciation	<u>1,015</u>	<u>656</u>	<u>1,015</u>	<u>656</u>
Amortisation				
Intangibles	5	10	5	10
Total Amortisation	<u>1,020</u>	<u>666</u>	<u>1,020</u>	<u>666</u>

3 Revenue

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Appropriations				
Recurrent appropriation				
Total recurrent drawdowns from NSW Treasury (per Summary of compliance)	17,100	26,594	17,100	26,594
Less: Liability to Consolidated Fund (per Summary of compliance)	-	-	-	-
	<u>17,100</u>	<u>26,594</u>	<u>17,100</u>	<u>26,594</u>
Comprising:				
Recurrent appropriation (per Statement of comprehensive income)	<u>17,100</u>	<u>26,594</u>	<u>17,100</u>	<u>26,594</u>
	<u>17,100</u>	<u>26,594</u>	<u>17,100</u>	<u>26,594</u>
Capital appropriation				
Total capital drawdowns from NSW Treasury (per Summary of compliance)	180	180	-	180
	<u>180</u>	<u>180</u>	<u>-</u>	<u>180</u>
Comprising:				
Capital appropriation (per Statement of comprehensive income)	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(b) Sale of goods and services				
Rendering of services (reimbursement of both external consultancies and in-house costs)	4,075	724	4,075	724
	<u>4,075</u>	<u>724</u>	<u>4,075</u>	<u>724</u>

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

3 Revenue (cont'd)

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(c) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	-	255	-	255
	-	255	-	255

The Tribunal no longer holds cash reserves over and above the 'cash buffer' needed to cover immediate operational requirements as a result of cash management reforms implemented by the NSW Treasury on 1 July 2015 (NSW TC 15/01). This resulted in no interest revenue for the year 2015-16.

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(d) Grants and contributions				
Grants and contributions	2,338	1,582	2,338	1,582
	2,338	1,582	2,338	1,582

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(e) Acceptance by the Crown Entity of employee benefit				
Superannuation	27	75	-	-
Long Service Leave	876	872	-	-
Payroll tax	1	4	-	-
	904	951	-	-

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(f) Other revenue				
Other	243	455	243	455
	243	455	243	455

4 Gain / (Loss) on Disposal

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Proceeds from disposal	-	-	-	-
Less: Written down value of assets disposed	-	(61)	-	(61)
Net gain / (loss) on disposal of plant and equipment	-	(61)	-	(61)

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
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5 Other Gains / (Losses)

	Consolidated		IPART	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gain from reduction in make good provision	-	193	-	193
Other	(1)		(1)	
Other gains / (losses) total	<u>(1)</u>	<u>193</u>	<u>(1)</u>	<u>193</u>

6 Service Groups of the Tribunal

Service group - Utilities Pricing, Regulation, Analysis and Policy Work

Purpose:

The Tribunal operates under a single service group. The service group covers prices setting for energy, water and public transport; carrying out other specific reviews of government services referred at the request of the responsible Ministers; and administering the Water Licensing, Energy Compliance and the Energy Savings Schemes.

This service group contributes to the following intermediate results:

- abuse of monopoly power is prevented, and efficiency, sustainability and community welfare is promoted
- independent advice is provided to the Government on issues of pricing, funding, competition, service, policy and governance,
- prices (or revenues) for energy, transport and water services are determined fairly and reasonably in accordance with legislation,
- energy and water licence obligations and energy savings reduction targets are enforced and
- sustainable environmental outcomes are promoted.

7 Current Assets - Cash and Cash Equivalents

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	<u>1,793</u>	<u>10,097</u>	<u>1,719</u>	<u>9,997</u>
	1,793	10,097	1,719	9,997

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statements of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	<u>1,793</u>	<u>10,097</u>	<u>1,719</u>	<u>9,997</u>
Closing cash and cash equivalents (per statements of cash flows)	<u>1,793</u>	<u>10,097</u>	<u>1,719</u>	<u>9,997</u>

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

The Tribunal's cash reserves reduced by \$8.1 million resulting from one off adjustment to Consolidated Funds as a result of cash management reforms implemented by the NSW Treasury to bring balances to the level of 'cash buffer'.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

8 Current Assets / Non-Current Assets - Receivables

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Sale of goods and services	1,504	25	1,504	25
Goods and Services Tax (GST)	(41)	40	(41)	40
Interest receivable	-	114	-	114
Other	-	1	-	1
	1,463	180	1,463	180

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

9 Non-Current Assets - Plant and Equipment

Consolidated / Tribunal

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2015 - fair value			
Gross carrying amount	1,391	4,009	5,400
Accumulated depreciation	(851)	(328)	(1,179)
Net carrying amount	<u>540</u>	<u>3,681</u>	<u>4,221</u>
At 30 June 2016 - fair value			
Gross carrying amount	1,277	4,122	5,399
Accumulated depreciation	(895)	(1,130)	(2,025)
Net carrying amount	<u>382</u>	<u>2,992</u>	<u>3,374</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at start of year	540	3,681	4,221
Additions	52	113	165
Transfer	3	-	3
Disposals	(169)	-	(169)
Depreciation expense	(213)	(802)	(1,015)
Write back on disposals	169	-	169
Net carrying amount at end of year	<u>382</u>	<u>2,992</u>	<u>3,374</u>

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016

9 Non-Current Assets - Plant and Equipment (cont'd)

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2014 - fair value			
Gross carrying amount	1,522	2,632	4,154
Accumulated depreciation	(1,026)	(2,504)	(3,530)
Net carrying amount	<u>496</u>	<u>128</u>	<u>624</u>
At 30 June 2015 - fair value			
Gross carrying amount	1,391	4,009	5,400
Accumulated depreciation	(851)	(328)	(1,179)
Net carrying amount	<u>540</u>	<u>3,681</u>	<u>4,221</u>

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the previous reporting period is set out below.

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at start of year	496	128	624
Additions	305	4,009	4,314
Disposals	(436)	(2,633)	(3,069)
Depreciation expense	(209)	(447)	(656)
Write back on disposals	384	2,624	3,008
Net carrying amount at end of year	<u>540</u>	<u>3,681</u>	<u>4,221</u>

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

10 Intangible Assets

	Software \$'000
Consolidated / Tribunal	
At 1 July 2015	
Cost (gross carrying amount)	82
Accumulated amortisation and impairment	<u>(70)</u>
Net carrying amount	<u>12</u>
At 30 June 2016	
Cost (gross carrying amount)	71
Accumulated amortisation and impairment	<u>(31)</u>
Net carrying amount	<u>40</u>
Year ended 30 June 2016	
Net carrying amount at start of year	12
Additions	36
Disposals	(44)
Transfer to P&L	(3)
Amortisation (recognised in depreciation and amortisation)	(5)
Write back on Disposals	<u>44</u>
Net carrying amount at end of year	<u>40</u>
Software \$'000	
At 1 July 2014	
Cost (gross carrying amount)	79
Accumulated amortisation and impairment	<u>(60)</u>
Net carrying amount	<u>19</u>
At 30 June 2015	
Cost (gross carrying amount)	82
Accumulated amortisation and impairment	<u>(70)</u>
Net carrying amount	<u>12</u>
Year ended 30 June 2015	
Net carrying amount at start of year	19
Additions	3
Amortisation (recognised in depreciation and amortisation)	<u>(10)</u>
Net carrying amount at end of year	<u>12</u>

11 Current Liabilities - Payables

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	20	578	-	-
Creditors	1,676	785	1,602	685
Unearned revenue	61	61	61	61
Personnel services	-	-	20	578
	<u>1,757</u>	<u>1,424</u>	<u>1,683</u>	<u>1,324</u>

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

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016

12 Current /Non-Current Liabilities - Provisions

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	1,834	1,476	-	-
Long service leave on-costs	46	46	-	-
Banked flex leave	236	144	-	-
Payroll tax	280	238	-	-
Personnel services	-	-	2,702	2,166
	<u>2,396</u>	<u>1,904</u>	<u>2,702</u>	<u>2,166</u>
Total provisions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,396</u>	<u>1,904</u>	<u>2,377</u>	<u>2,166</u>
Non-current				
Employee benefits and related on-costs				
Long service leave on-costs	306	262	-	-
	<u>306</u>	<u>262</u>	<u>-</u>	<u>-</u>
Other provisions				
Restoration costs	569	569	569	569
	<u>569</u>	<u>569</u>	<u>569</u>	<u>569</u>
Total provisions	<u>875</u>	<u>831</u>	<u>569</u>	<u>569</u>
Aggregate employee benefits and related on-costs				
Provisions - current	2,396	1,904	-	-
Provisions - non-current	306	262	-	-
Accrued salaries, wages and on-costs (Note 11)	20	578	-	-
	<u>2,722</u>	<u>2,744</u>	<u>-</u>	<u>-</u>

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	Restoration Costs \$'000
2016	
Carrying amount at the beginning of financial year	569
Additional provisions recognised	-
Carrying amount at end of financial year	<u>569</u>

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
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Employee benefits expected to be settled within 12 months from the reporting date

	Consolidated		Tribunal	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Annual leave	<u>1,468</u>	1,181	-	-
	1,468	1,181	-	-

Employee benefits expected to be settled in more than 12 months from the reporting date

	Consolidated		Tribunal	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Annual leave	<u>366</u>	295	-	-
	366	295	-	-

13 Commitments for Expenditure

	Consolidated		Tribunal	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000

Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable

Not later than one year	1,563	1,549	1,563	1,549
Later than one year and not later than five years	<u>4,039</u>	5,550	<u>4,039</u>	5,550
Total (including GST)	5,602	7,099	5,602	7,099

The total commitments above includes input tax credits of \$509,258 (2015 \$645,388) that are expected to be recoverable from the Australian Taxation Office.

14 Contingent Liabilities and Contingent Assets

The Tribunal is not aware of any contingent liabilities and contingent assets associated with its operations during the year (2015 nil).

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
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15 Budget Review

Net result

Net result for the year was of \$8.7 million loss and was \$0.9 million better than budget.

Total expenses were \$5 million higher than budget due to increase in the level of work commissioned under *Section 9, IPART Act 1992* and other regulatory work.

Total revenue was \$5.9 million better than budget mainly due to cost recoveries and a one off \$2.3 million grant from the Crown Finance Entity.

Assets and liabilities

Total assets were \$6.7 million and were higher than budget by \$1.3 million mainly due to increase in cash and receivables.

Total liabilities were \$5 million and were higher than budget by \$0.3 million due to increase in creditors.

Cash flows

Net cash flows from operating activities were \$0.8 million better than budget due to cost recoveries.

Cash flow from investing activities were less than budget by \$0.4 million as result of delay in purchases of plant and equipment.

16 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		Tribunal	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net cash used on operating activities	(8,103)	3,142	(8,077)	3,098
Depreciation and amortisation	(1,020)	(666)	(1,020)	(666)
Decrease / (increase) in provisions	(536)	497	(536)	497
Increase / (decrease) in receivables and prepayments	1,283	(633)	1,283	(633)
Decrease / (increase) in creditors	(333)	664	(359)	708
Net gain / (loss) on sale of plant and equipment	-	(61)	-	(61)
Net result	(8,709)	2,943	(8,709)	2,943

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

17 Administered Assets and Liabilities

	2016 \$'000	2015 \$'000
Consolidated		
Administered Assets		
Cash	498	372
Receivables	140	3
Total Administered Assets	638	375
Administered Liabilities		
Energy and Water Licence fees payable to Crown Entity	638	375
Total Administered Liabilities	638	375
Tribunal		
Administered Assets		
Cash	498	372
Receivables	140	3
Total Administered Assets	638	375
Administered Liabilities		
Energy and Water Licence fees payable to Crown Entity	638	375
Total Administered Liabilities	638	375

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
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18 Financial Instruments

The Tribunal's principal financial instruments are cash deposits held within the NSW Treasury Banking System, short term receivables and payables. These instruments expose the Tribunal primarily to interest rate risk on cash balances held within the NSW Treasury Banking System and credit risk on short term receivables. The Tribunal does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing risk. From time to time, compliance with policies is reviewed by the internal auditors.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2016 \$'000	Carrying Amount 2015 \$'000
Consolidated:				
Class				
Cash and cash equivalents	7	N/A	1,793	10,097
Receivables ¹	8	Loans and receivables (at amortised cost)	1,504	140
Financial Liabilities				
Class:				
Payables ²	11	Financial liabilities measured at amortised cost	1,696	1,363
Financial Assets				
Tribunal:				
Class				
Cash and cash equivalents	7	N/A	1,719	9,997
Receivables ¹	8	Loans and receivables (at amortised cost)	1,504	140
Financial Liabilities				
Class:				
Payables ²	11	Financial liabilities measured at amortised cost	4,324	3,429

Notes:

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

(b) Credit Risk

Credit risk arises from the financial assets of the Tribunal, including cash and receivables. No collateral is held by the Tribunal. The Tribunal has not granted any financial guarantees.

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

18 Financial Instruments (cont'd)

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Tribunal will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Tribunal is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

	Total ¹	\$'000 Past due but not impaired ¹	Considered impaired ¹
Consolidated			
2016			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
	Total ¹	\$'000 Past due but not impaired ¹	Considered impaired ¹
Tribunal			
2016			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes:

1. Each column in the table reports "gross receivables".

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

18 Financial Instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Tribunal will be unable to meet its payment obligations when they fall due. The Tribunal continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2015 nil).

The Tribunal's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below summarises the maturity profile of the Tribunal's financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
Consolidated 2016						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	20	-	20	20		-
Creditors	1,676	-	1,676	1,676		-
	1,696	-	1,696	1,696		-
Consolidated 2015						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	578	578	578			-
Creditors	785	785	785			-
	1,363	1,363	1,363			-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

**Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016**

18 Financial Instruments (cont'd)

	Nominal Amount ¹	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
Tribunal 2016						
<i>Payables:</i>						
Personnel services	2,722	2,722		2,722	-	-
Creditors	1,602	1,602		1,602	-	-
	4,324	4,324		4,324	-	-
Tribunal 2015						
<i>Payables:</i>						
Personnel services	2,744	2,744		2,744	-	-
Creditors	685	685		685	-	-
	3,429	3,429		3,429	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Tribunal's exposure to market risk is primarily through interest rates on cash and cash equivalents. The Tribunal has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Independent Pricing and Regulatory Tribunal
Notes to the financial statements
for the year ended 30 June 2016

18 Financial Instruments (cont'd)

Interest rate risk

The Tribunal does not have any interest-bearing liabilities nor borrowings with TCorp. The Tribunal does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Tribunal's exposure to interest rate risk is set out below.

	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Consolidated 2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,793	(18)	(18)	18	18
Receivables	1,504	-	-	-	-
Total	3,297	(18)	(18)	18	18
2015					
<i>Financial assets</i>					
Cash and cash equivalents	10,097	(101)	(101)	101	101
Receivables	140	-	-	-	-
Total	10,237	(101)	(101)	101	101
		-1%		+1%	
Tribunal 2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,719	(17)	(17)	17	17
Receivables	1,504	-	-	-	-
Total	3,223	(17)	(17)	17	17
2015					
<i>Financial assets</i>					
Cash and cash equivalents	9,997	(100)	(100)	100	100
Receivables	140	-	-	-	-
Total	10,137	(100)	(100)	100	100

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

19 Events after the Reporting Period

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

End of audited financial statements.

Outline budget for 2016-17

Budget review 2015-16

Net result for the year was of \$8.7 million loss and was \$0.9 million better than budget.

Total expenses were \$5 million higher than budget due to increase in the level of work commissioned under Section 9, IPART Act 1992 and other regulatory work.

Total revenue was \$5.9 million better than budget mainly due to cost recoveries and a one off \$2.3 million grant from the Crown Finance Entity.

Outline budget for 2016-17

In 2016-17 IPART anticipates it will spend \$33.9 million (\$32.5 million recurrent and \$1.4 million capital) on price setting for retail gas, water and public transport, undertaking specific reviews of government services referred at the request of responsible Ministers, and administering the water licencing, energy compliance and energy savings schemes. The increase in the budget reflects newly founded initiatives that include:

- ▼ \$3.0 million for regulating the safety and reliability of network operators
- ▼ \$1.3 million for implementing the *Water Industry Competition Amendment (Review) Act 2014*
- ▼ \$1.1 million for regulating rural water charges for WaterNSW.

A | Legislative provisions

Overview

A.1 Principal legislation under which IPART operates

IPART was established under the *Independent Pricing and Regulatory Tribunal Act 1992 (IPART Act)*. It performs functions under the IPART Act and also under other Acts such as the *Gas Supply Act 1996*, *Electricity Supply Act 1995*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Water NSW Act 2014*, *Central Coast Water Corporation Act 2006*, *Water Industry Competition Act 2006*, *Passenger Transport Act 2014*, *Transport Administration Act 1988* and *Local Government Act 1993* (under Ministerial delegation). Further discussion of the principal legislation under which IPART operates is set out in sections A.2 to A.12 below.

IPART also has certain minor functions under Acts such as the *Prices Regulation Act 1948*, *Crown Lands Act 1989*, *Crown Lands (Continued Tenures) Act 1989*, *Snowy Hydro Corporatisation Act 1997*, *Cemeteries and Crematoria Act 2013*, *Forestry Act 2012*, *Electricity Network Assets (Authorised Transactions) Act 2015* and *Motor Accidents Compensation Act 1999*.

A.1.1 Changes in Acts and subordinate legislation

During the financial year 2015-16, changes were made to the regulatory framework for:

- ▼ the IPART Act – discussed in sections A.2.7 and A.2.8 below
- ▼ the New South Wales Energy Savings Scheme – discussed in section A.7 below
- ▼ the governance of state insurance and care schemes – discussed in section A.11 below
- ▼ point-to-point transport fares – discussed in section A.5.2 below.

A.2 IPART Act

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

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

A.2.1 Regulating prices and reviewing pricing policies

Under the IPART Act, IPART conducts investigations and makes reports to the relevant Minister on the determination of maximum prices for specified government monopoly services supplied by government agencies. It 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 reference. In particular, section 11 of the IPART Act provides that IPART is to initiate investigations of government monopoly services supplied by those government agencies for which IPART has a standing reference (with such agencies being listed in Schedule 1 of the IPART Act).

The government agencies for which IPART currently has a standing reference are:

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

- ▼ Water supply authorities constituted under the *Water Management Act 2000*
- ▼ County councils established for the supply of water
- ▼ Roads and Maritime Services
- ▼ Department of Family and Community Services
- ▼ Port Corporations or other relevant port authorities within the meaning of Part 5 of the *Ports and Maritime Administration Act 1995*
- ▼ Water Administration Ministerial Corporation
- ▼ Essential Energy
- ▼ Water NSW (but excluding any services provided by Water NSW in respect of which fees and charges may be approved or determined in accordance with Part 6 or 7 of the *Water Charge (Infrastructure) Rules 2010* (Cth) or the applied provisions, within the meaning of Part 3B).

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

The second way in which an investigation by IPART may be initiated is by a reference from 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 pricing policies in respect of a specified government monopoly service, including those supplied by government agencies that are the subject of a standing reference. 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 pricing or access investigation. IPART may seek public participation by:

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

IPART must make a document obtained by IPART in connection with an investigation available for inspection on request, unless the document contains information that IPART would not be required to disclose under the *Government Information (Public Access) Act 2009*. If a document contains such information, IPART has the discretion to release it following consultation, 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 have regard to a range of matters when making determinations and recommendations under the Act, and to report on what regard it has had to each in reaching the particular determination or recommendation. These matters are (in addition to any other matters IPART considers relevant):

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

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

How IPART sets maximum prices

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

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

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

In determining the maximum price for a government monopoly service, 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.

Implementing maximum prices

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

Compliance

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

Release of reports and determinations

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

A.2.2 Reviewing industries, pricing or competition

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

A.2.3 Providing assistance to other agencies

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

A.2.4 Arbitrating access disputes

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

A.2.5 Registering access agreements

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

A.2.6 Investigating complaints under competitive neutrality regime

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

A.2.7 Investigating and reporting in relation to SafeWork NSW

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

A.2.8 Approval or determination of Murray-Darling Basin water charges

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

A.3 Licensing

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

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

In recent years, IPART has adopted a risk-based approach when making recommendations to the Minister on the terms of public utility licences. Under the *Water Industry Competition Act 2006*, IPART is responsible for matters such as making recommendations to the relevant Minister with respect to granting licensing applications. Further, it may cancel or suspend licences (with the concurrence of the relevant Minister). To fulfil its roles under these Acts, IPART monitors licence compliance and reports annually to the relevant Minister

⁴ The Competition Principles Agreement was made on 11 April 1995 by the Commonwealth, the Territories and the States.

regarding such compliance. IPART 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 in certain circumstances.

A.4 Energy pricing regulation, disclosure and comparison

A.4.1 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. To date IPART has not made a gas pricing order, preferring to use a more light-handed form of regulation. Instead, the gas retailers have voluntary pricing arrangements (VPAs) with IPART. Gas retailers are obliged to set their regulated tariffs and charges in line with these VPAs, with IPART monitoring their compliance. The current VPAs apply until 30 June 2017.

A.4.2 Electricity Supply Act 1995

Prior to 1 July 2014, the *National Energy Retail Law (NSW)* required energy retailers to offer to provide customers with retail electricity services at regulated offer prices set in accordance with determinations made by IPART under Division 5 of Part 4 of the *Electricity Supply Act 1995*. IPART is no longer responsible for determining retail prices for electricity, but is now responsible for monitoring and reporting annually on the performance and competitiveness of the New South Wales retail electricity market.

IPART remains responsible for determinations relating to the solar bonus scheme (until 31 December 2016).

A.5 Transport pricing regulation

A.5.1 Passenger Transport Act 2014

The *Passenger Transport Act 2014* (which, when fully commenced, will replace the *Passenger Transport Act 1990*) provides a framework for regulating public transport services. Under this Act, IPART is responsible for setting maximum fares for public passenger services. In making its determinations or recommendations, IPART is to consider the following matters:

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

IPART also has functions under the NSW Rail Access Undertaking and the *Transport Administration Act 1988*.

A.5.2 Point to Point Transport (Taxis and Hire Vehicles Act) 2016

Once sections 72 and 74 of the *Point to Point Transport (Taxis and Hire Vehicles Act) 2016* commence, IPART will be authorised, with Ministerial referral, to:

- ▼ investigate and report to Transport for New South Wales with a recommendation as to the number of taxi licences to be issued for a specified period, and
- ▼ make recommendations to the relevant Minister on the appropriate maximum fares for point-to-point passenger services.

A.6 Greenhouse Gas Reduction Scheme

The NSW Greenhouse Gas Reduction Scheme (Scheme) closed on 1 July 2012. Although the Scheme has closed, there are some remaining accreditations for carbon sequestration activities. IPART, as Scheme Administrator, has retained most of its powers under the *Electricity Supply Act 1995* until all Scheme related matters are finalised.

A.7 Energy Savings Scheme

The NSW Energy Savings Scheme (ESS) is designed to create a financial incentive to reduce the consumption of electricity by encouraging energy saving activities. It sets out energy savings targets, and imposes an obligation on NSW electricity retailers (and certain other parties) to surrender sufficient energy savings certificates to meet their individual energy savings targets.

The ESS commenced on 1 July 2009 under the *Electricity Supply Act 1995*. IPART functions as both the ESS scheme administrator and the ESS scheme regulator, and is responsible for assessing applications, accrediting parties to undertake eligible activities and to create certificates, monitoring ESS compliance and monitoring the performance of the ESS participants. IPART also manages the registration and transfer of certificates created from recognised energy savings activities.

On 1 January 2016, amendments to the *Electricity Supply Act 1995* and *Electricity Supply (General) Regulation 2014* commenced. In summary, these amendments included expansion of the scope of the ESS to include gas savings and expanding the scheme administrator's compliance powers.

The detail for the ESS is set out in the *Energy Savings Scheme Rule 2009* (ESS Rule). Significant amendments to the ESS Rule commenced on 15 April 2016. These amendments include expanding the scope of the ESS to incorporate gas savings, amendments to reflect changes in equipment standards and introducing a "Regional Network Factor" to reward energy savings in regional areas.

A.8 Local Government

IPART performs functions relating to local government under:

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

IPART's functions relating to local government include:

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

IPART must report annually on its local government functions.

A.9 Water Infrastructure Pricing

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

A.10 Electricity Infrastructure & Licensing

As part of the NSW Government's leasing of electricity network assets, relevant licensing, technical and safety functions were transferred to IPART under the *Electricity Supply Act 1995* and the *Electricity Supply (Safety and Network Management) Regulation 2014*. These functions include:

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

IPART also has functions in relation to the enforcement of employment guarantees under the *Electricity Network Assets (Authorised Transactions) Act 2015*.

A.11 Governance of State insurance and care schemes

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

A.12 Determination of a wholesale price for ethanol

Once it commences, Schedule 2 of the *Biofuels Amendment Act 2016* will amend the *Biofuels Act 2007* to include a new Part 3Am which confers on IPART the function of:

- ▼ determining, and periodically reviewing, a reasonable wholesale price for ethanol for use in the production of petrol-ethanol blend; and
- ▼ the function of monitoring the retail market for petrol-ethanol blend.

B Decisions under s16A of IPART Act

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

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

In 2015-16, IPART determined maximum prices for water supply, sewerage, stormwater and other services supplied by Sydney Water Corporation. That determination was subject to standing section 16A directions. Details in relation to those directions are set out in the determination and the report on the determination.

C Tribunal meetings, public forums and submissions

Tribunal Meetings and Public Forums

Table C.1 Tribunal Meetings and Public Forums held in 2015-16

Type of Meeting	Number Held	Attendees and number of Meetings attended
Tribunal	54	Peter Boxall – Chair (54/54) Catherine Jones – Tribunal Member (53/54) Ed Willett – Tribunal Member (45/54) John Comrie ^a – Tribunal Member (12/12)
Delegated Tribunal	12	Catherine Jones (12/12) Ed Willett (12/12)
Energy Savings Scheme Committee	21	Ed Willett – Chair (21/21) Fiona Towers (20/21) Brian Spalding (21/21)
Local Government	10	Catherine Jones – Chair (10/10) Stuart McDonald (10/10) Matthew Edgerton (10/10)
Energy Network Regulation Committee	9	Ed Willett – Chair (9/9) Brian Spalding (9/9)
Public Hearings	14	Peter Boxall – Chair (14) Catherine Jones (14) Ed Willett (10)

^a John Comrie was a temporary member till 31 October 2015.

Public forums 2015-16

Table C.2 Public hearings held in 2015-16

Date	Investigation	Location
Water		
2 November 2015	Review of Prices for Hunter Water Corporation - Newcastle	Harbourview Hotel, Newcastle
10 November 2015	Review of Prices for Sydney Water Corporation	SMC Conference & Function centre, Sydney
10 November 2015	Review of Prices for WaterNSW Greater Sydney Area	SMC Conference & Function centre Sydney
16 November 2015	Review of Prices for DPI Water – Tamworth	Quality Hotel Powerhouse, Tamworth
23 November 2015	Review of WAMC'S Prices for DPI Water	SMC Conference & Function centre, Sydney
8 December 2015	Review of Wholesale Prices for Sydney Water Corporation and Hunter Water Corporation	SMC Conference & Function centre, Sydney
11 April 2016	Review of Late Payment Fee and Dishonoured or Declined Payment Fees – Sydney Water and Hunter Water	IPART Offices, Sydney
Transport		
15 September 2015	Review of Public Transport Fares in Sydney and Surrounds	SMC Conference & Function centre, Sydney
Energy		
13 October 2015	Landholder Compensation for Gas Exploration and Production - Narrabri	Narrabri Golf Club, Narrabri
3 May 2016	Regulated Gas Retail Tariffs & Charges	SMC Conference & Function centre, Sydney
28 June 2016	Electricity Transmission Reliability Standards	IPART Offices, Sydney
Other Industries		
24 November 2015	Development of a Framework to Review NSW Drought Assistance Programs	SMC Conference & Function centre, Sydney

Date	Investigation	Location
Local Government		
8 February 2016	Review of Reporting and Compliance Burdens on Local Government	SMC Conference & Function centre, Sydney
26 April 2016	Review of Local Government Rating System	SMC Conference & Function centre, Sydney

Table C.3 Public roundtables held in 2015-16

Date	Investigation	Location
Water		
30 November 2015	Review of Prices for DPI Water – Griffith	Ex-Servicemen's Club, Griffith
Energy		
20 October 2015	Landholder Compensation for Gas Exploration and Production - Gloucester	Gloucester Country Club, Gloucester

Submissions to projects during 2015-16

The Tribunal invited stakeholders and the public to make submissions to the projects in progress during 2015-16 and received a total of 1929 submissions.

Table C.4 Submissions received in 2015-16

Closure Date	Investigation Resource	Submissions
Water		
5 October 2015	Issues Paper - Review of prices for Hunter Water Corporation - September 2015	11
5 October 2015	Issues Paper - Review of prices for Sydney Water Corporation – September 2015	43
5 October 2015	Issues Paper - Review of prices for WaterNSW Greater Sydney area – September 2015	3
9 October 2015	Issues Paper - Review of prices for the Water Administration Ministerial Corporation - For the NSW Office of Water - June 2015	26
21 October 2015	Application form - WICA Licence - Network Operator Pty Ltd - Flow Systems Pty Ltd - Bellbird North - September 2015	5
21 October 2015	Application form - WICA Licence Application - Flow Systems - Box Hill North - Network Operator - September 2015	5
4 November 2015	Application form - WICA Licence Variation - Retail Supplier & Network Operator - Veolia Water Solutions & Technologies - Bingara Gorge - September 2015	4
4 April 2016	Draft Report - Review of prices for the Water Administration Ministerial Corporation - For DPI Water – March 2016	19
18 April 2016	Draft Report - Review of prices for Hunter Water Corporation - March 2016	15
18 April 2016	Draft Report - Review of prices for Sydney Water Corporation - From 1 July 2016 to 30 June 2020	18
18 April 2016	Draft Report – Review of prices for WaterNSW – March 2016	1
25 May 2016	Application Form - Network Operator & Retail Supplier - SUEZ - April 2016	5
31 May 2016	Discussion Paper - Prices for wholesale water and sewerage services - Sydney Water Corporation and Hunter Water Corporation - April 2016	14
Transport		
1 December 2015	Review of Private Ferry fares from January 2016 – November 2015	4
28 August 2015	Issues Paper – Public transport fares in Sydney and surrounds – July 2015	99
9 October 2015	Transport Methodology Paper - A new methodology for setting fares - September 2015	15
5 February 2016	Draft Report – Public transport fares in Sydney and surrounds – December 2015	1256

Closure Date	Investigation Resource	Submissions
22 April 2016	Issues Paper - Maximum fees and charges for cruise ships in Sydney Harbour - March 2016	7
29 January 2016	RailCorp compliance with NSW Rail access undertaking 2013-14 - Regulatory asset base ceiling test 2013/14 – December 2015	1
Energy		
13 July 2015	Issues Paper – Review of Solar feed in tariffs from 1 July 2015 – June 2015	10
4 September 2015	Draft Report – Review of the performance and competitiveness of the retail electricity market in NSW – July 2015	6
28 September 2015	Draft Report – Review of Solar feed in tariffs from 1 July 2015 – August 2015	9
30 October 2015	Draft Report - Landholder benchmark compensation rates - September 2015	19
18 December 2015	Issues Paper - Review of regulated retail prices and charges for gas from 1 July 2016 – November 2015	6
11 January 2016	Draft Reporting Manual – Employment Guarantees – December 2015	4
22 January 2016	Issues Paper - Electricity transmission reliability standards – December 2015	6
24 February 2016	Draft Terms of Reference – Review of maximum price for Wholesale Ethanol – February 2016	3
7 March 2016	Proposed changes in regulated retail gas prices from 1 July 2016 – February 2016	2
11 May 2016	Draft Report - Review of regulated retail prices and charges for gas from 1 July 2016 – April 2016	2
13 May 2016	Draft Report – Electricity network operator licence fees – Fees for DNSPs and TransGrid – April 2016	4
18 July 2016	Issues Paper - Review of a maximum price for Wholesale ethanol in automotive fuel blends - June 2016	4
27 October 2016	Retail electricity market monitoring - May 2016	2
Local Government		
14 August 2015	Issues Paper - Review of reporting and compliance burdens on Local Government - July 2015	43
19 February 2016	Draft Report - Review of reporting and compliance burdens on Local Government - January 2016	91
13 May 2016	Issues Paper - Review of Local Government Rating System - April 2016	149
Other		
1 December 2015	Discussion Paper - NSW Drought Program Evaluation Framework - October 2015	10
29 April 2016	Information Paper - Multi-peril crop insurance incentive measures - 11 April 2016	8

Note: Closure date is the date submissions close.

The number of submissions listed are only those received in 2015-16. The total number of submissions to a paper can be found on our website.

D Agency structure and plans

Senior Executives

Table D.1 Number of roles and gender breakdown

Band	2013-2014		2014-2015		2015-2016	
	Female	Male	Female	Male	Female	Male
Band 4 (Secretary)	0	1	0	1	0	1
Band 3 (Deputy Secretary)	0	1	0	1	0	1
Band 2 (Executive Director)	4	2	5	1	4	1
Band 1 (Director)	15	9	12	10	13	13
Total	19	13	17	13	17	16

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

Table D.2 Average remuneration

Band	Range 2015-16	2013-14		2015-16	
		2013-14	2014-15	Female	Male
Band 4* (Secretary)	\$441,201 – 509,750	\$295,415	\$300,969	NA	\$308,493
Band 3 (Deputy Secretary)	\$320,853 – 362,624	\$336,850	\$343,183	NA	\$351,763
Band 2 (Executive Director)	\$261,347 – 292,675	\$254,912	\$262,965	\$273,542	\$269,179
Band 1 (Director)	\$193,607 – 242,984	\$186,569	\$203,835	\$220,457	\$214,228

*Band 4 executive is a 0.6 FTE role.

Executive remuneration represents 36.67% of the overall salaries-related expenses for 2015-16 compared to 21% for 2014-15. This increase is due to the implementation of the *Government Sector Employment Act 2013*.

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

Tribunal Members

Table D.3 Average remuneration

Role	Rate	2015-16
Tribunal Member	\$1,000 per day*	\$144,500

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

Total staff by level and employment basis

Table D.4 Staff profile by employment category as at 30 June 2016

	2013	2014	2015	2016
Chair	1	1	1	1
Chief Executive	1*	1	1	1
Executive Directors & General Managers	7	7	6	6
Chief Financial Officer & Director, HR	0	0	2	2
Directors**	18	16	16	16
Managers	4	4	3	4
Analysts	72	68	72	77
Graduate Analysts	5	5	3	3
General Counsel	1	1	1	1
Director, Legal & Special Counsel	0	0	2	2
Legal Officers	3	3	4	3
Support Officers	22	22	21	23
Supernumeraries	0	3	2	12
Total number of staff includes full time, part-time, temporaries and graduates	134	131	134	151
Tribunal Members	1	2	2	2
Temporary Members	0	0	1	0
Total number of Staff including members	135	133	137	153

* 2011-2013 combined Chief Executive Officer and full time Tribunal Member.

** 2013 and 2014 known as Program Managers.

Industrial Relations

There were no significant changes to IPART's Award.

The Human Resources unit provided advice and support to all employees in relation to entitlements, policies, processes and performance. This includes intervention strategies to assist with the early resolution and management of issues at the local level.

To further enhance IPART's Human Resource advice and support, we have established a policy and procedure reform project to review all human resource policies, procedures, guidelines and forms. The objective will continue to ensure the provision of current, concise information that is easy to use and understand.

Diversity and Inclusiveness

IPART values diversity and inclusiveness in the workforce. IPART recognises diversity contributes to achieving sustainable long term performance improvements. IPART's commitment to diversity and inclusiveness in the workplace includes background, gender, ethnicity, age, all abilities, culture and experience and IPART is committed to embracing, engaging and empowering people to enable IPART to achieve its agency objectives without compromising any skill requirements.

Further programs introduced to support change through collaboration and feedback during 2015-16 included the implementation of a Human Resources Steering Committee to engage with representatives across the organisation on strategic HR projects. Collaborative workshops were held with staff and agency teams throughout the course of the year and are an ongoing process.

IPART supports flexibility in the workplace promoting awareness of the Carers Recognition Act 2012 through IPART's Induction program. IPART has flexible work arrangements in place - flexible work arrangements including flex time, time in lieu, telecommuting, carer's leave, unpaid leave and part time work. We provide our employees with Employee Assistance Program access that deals with issues from personal employee advice, domestic violence counselling and general advice line or work related counselling services. We provide appropriate facilities for our new parents in assisting with transitioning back to the workforce.

We work to advance diversity and inclusion through feedback, statistics and the qualitative and quantitative benchmarks/indicators, as we are constantly striving for greater improvements in this area.

Table D.5 Trends in the representation of Workforce Diversity groups

Workforce Diversity Group	Benchmark/Target	2014	2015	2016
Women	50%	60.3%	54.6%	51.7%
Aboriginal People and Torres Strait Islanders	2.6%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	19.0%	24.9%	25.4%	28.2%
People with a Disability	N/A	2.3%	1.8%	0.7%
People with a Disability Requiring Work-Related Adjustment	1.5%	0.0%	0.0%	0.0%

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

Workforce Diversity Group	Benchmark/Target	2014	2015	2016
Women	100	102	101	103
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	92	98	98
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Notes:

A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity 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 Workforce Diversity group is less concentrated at lower salary levels.

The Distribution Index is not calculated where Workforce Diversity group or non-Workforce Diversity group numbers are less than 20.

Source: NSW IPART 2015-16 Workforce Profile.

Disability Action Plan

IPART's disability action plan provides a structured approach to identifying and removing barriers to IPART services for people with disabilities. The plan creates a culture of proactive change that makes equal employment a reality for those with disabilities, including people who might make use of specialist services provided by the agency, who seek employment in, or who are already part of, IPART's workforce.

The plan outlines IPART's commitment to achieving the outcomes for people with disabilities set out in the NSW State Plan 2021 and Guidelines for Disability Action Planning by NSW Government Agencies. The plan outlines IPART's strategies to:

- ▼ Identify and remove barriers to services for people with a disability.
- ▼ Provide information in a range of formats that are accessible to people with a disability.
- ▼ Make our office and facilities physically accessible to people with a disability.
- ▼ Assist participation in public consultations, government advisory boards and committees.

IPART's proactive implementation of the Disability Action Plan aims to remove barriers preventing people with a disability from engaging with our agency. During 2015-16 financial year, we have engaged consultants to ensure our internal office modifications are compliant with the Australian standards on disability access. We pride ourselves in providing adjustable workstations that

move from standing to sitting to suit the needs of the individual, we provide a comprehensive assessment and adjustment of each workstation during the induction process.

Multicultural Policies and Services Program

As we continue to grow beyond 151 staff, a clear and strong culture becomes even more important to ensure the successful habits that create our high quality work continue. This will include our staff continuing to live our values and guiding principles, ensuring we have clear expectations for our staff that support mobility (through role descriptions), and enhancing our performance management system and training and development programs to include an even greater focus on staff development.

- ▼ Continue to develop awareness and understanding of cultural diversity and continue to develop a work environment that values and fosters cultural differences.
- ▼ IPART acknowledge that more needs to be done in developing an action plan for Aboriginal inclusion as part of a Cultural Diversity Inclusion framework in 2016-17.
- ▼ Encourage staff to complete the diversity section of the payroll system so we can target strategies to further enhance our multi-cultural and service programs.
- ▼ Celebrate Harmony day in 2017 as part of IPART's multicultural program.

Work Health and Safety

IPART remains focused on providing a safe and health workplace for all employees. This commitment was demonstrated through a range of initiatives carried out across IPART including, but not limited to:

- ▼ Provision of influenza vaccinations.
- ▼ Conduct regular WHS inspections.
- ▼ Ensuring all work stations are adjustable.

During the last financial year, we had 5 claims reported with all claims closed by the end of the financial year. The deposit contribution takes into account the claims experience for the prior two calendar years eg, 2016-17 deposit contribution looks at 2014 and 2015 claims. The last three deposit contributions have resulted in surplus results, which indicate a well-managed portfolio. Having no open claims suggests that the hindsight result (3 and 5 year adjustments) will result in further surplus results for IPART.

Table D.7 Workers Compensation Statistics

Premium	Deposit	Funding	Surplus/deficit	No. of claims	Claims closed
2011-12	\$53,390	\$51,448	(\$1,942)	3	3
2012-13	\$123,150	\$120,363	(\$2,787)	6	6
2013-14	\$116,390	\$115,196	(\$1,194)	1	1
2014-15	\$87,446	\$92,964	\$5,517	1	1
2015-16	\$88,315	\$103,812	\$15,497	6	6

Investigations by the regulator under Part 10 of the Work Health and Safety Act 2011

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

Personnel Policies and Practices

Activities for the reporting period included:

- ▼ Updating all role descriptions to ensure GSE compliance.
- ▼ Participation in the public sector graduate program.
- ▼ Relaunched Performance Enhancement System throughout the organisation.

Public Interest Disclosures

During the reporting period, no public officials made a public disclosure to the agency. The agency reports no public interest disclosures for the reporting period.

Corporate Plan

IPART's broad corporate strategies are set out in this document and progress towards meeting corporate objectives are assessed for each program element in *Our organisation* section of this Annual Report.

Privacy Management Plan

There were no changes to IPART's Privacy Plan. No complaints or requests for internal reviews were received. New staff members are briefed on the Plan as it relates to their role at induction. A copy of the plan is available and accessible by all staff and a Privacy Statement is available on the IPART website for public viewing.

Asset Management Plan

There were no significant changes to the Asset Management Plan during the year.

Credit Card Compliance

The Chief Financial Officer certifies that credit card usage in the agency has met best practice guidelines in accordance with Premier's Memoranda and Treasurer's Directions 205.1 to 205.8. Credit card usage is subject to an annual internal audit.

Report on account payment performance

Table D.8 Report on account payment performance 2015-16

	September 2015	December 2015	March 2016	June 2016
Invoices due for payment	377	404	275	301
Invoices paid on time	326	337	225	256
Invoices due for payment received from small business	0	0	0	0
Invoices from small business paid on time	0	0	0	0
Amount due for payment (\$)	2,816,948	3,564,214	4,019,240	3,361,965
Amount paid on time (\$)	2,503,931	2,577,170	2,226,697	2,706,286
Amount due for payment received from small business (\$)	0	0	0	0
Amount from small business paid on time (\$)	0	0	0	0
Number of payments for the interest on overdue account	0	0	0	0
Interest paid on late accounts (\$)	0	0	0	0
Number of payments to small business for the interest on overdue account	0	0	0	0
Interest to small business on late account (\$)	0	0	0	0

Table D.9 Accounts paid on time within each quarter in 2015-16

Quarter	Target %	Actual %
September Quarter	90%	86%
December Quarter	90%	83%
March Quarter	90%	82%
June Quarter	90%	85%

Notes: During 2015-16, there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*.

Payment performance during the year was affected by the disruption caused by the transition and transformation related to change in the shared service providers. The State owned shared service provider Service First ceased operations on 15 December 2015. Since then the shared corporate services are being provided by two private providers Infosys and Unisys under the operating name GovConnect.

During the first half of the year the payment performance was affected due to high staff turnover and impending redundancies in Service First. Since the transition to the private providers the payment performance is affected by the business model adopted, whereby all tasks are sent to Unisys via Infosys resulting in long lead times for actioning. Secondly, an independent control assessment identified deficiencies in the internal controls of the shared service providers. Therefore, IPART dedicated its limited resources to ensuring that the agency had an effective system of internal control to ensure that financial information presenting the financial position and performance of the agency is true and fair in all material respects. IPART has effective internal controls to mitigate the deficiencies and therefore they are not considered to have a material impact on the financial information. IPART is currently working on reducing the length of time it takes to actioning payments, by implementing process changes within IPART. The service providers have acknowledged the need for changing the business model and it is expected to be implemented in early 2017.

Details of Annual Report production

There were no external production costs such as copy writing, design and printing incurred in the production of the report. An electronic copy of this report is available on IPART's website.

Consultants

During 2015-16, IPART engaged the following consultants for a total expenditure of \$5,097,918 (work on some of these consultancies was still proceeding at 30 June).

Table D.10 Consultants over \$50,000 in 2015-16

Consultant	Cost(\$)	Title
Finance and Accounting		
Atkins	\$377,695	Sydney Water Corporation expenditure review
Jacobs Group	\$278,848	Hunter Water Corporation expenditure review
The CIE	\$233,985	Economic analysis of efficient operating costs - Public transport and external benefits
AECOM	\$207,310	Specialist advice on efficient costs of providing port services for cruise ships
Aither Pty Ltd	\$206,911	WaterNSW expenditure review
Synergies Economic Consulting Pty Ltd	\$168,720	DPI Water expenditure review
NERA Australia Pty Ltd	\$115,324	Regulated gas prices - Wholesale Gas Costs
CIE	\$101,150	Prepare cost benefit analysis report - Multi-peril Crop Insurance
Ernst & Young	\$90,000	Review of Business Case Estimates of Merger Net Benefits for Sydney Metropolitan Councils
Frontier Economics Pty Ltd	\$79,485	Advice on pricing proposals for Hunter Water's prices
AEMO	\$78,600	Review of Electricity Transmission Reliability Standards 2015 - Develop and model optimal level of energy at risk
Parsons Brinckerhoff	\$75,000	Review of Electricity Transmission Reliability Standards 2015 - Defining the economic model, modelling efficient costs and reliability standards
CIE	\$58,788	Undertake costings of draft recommendations – Review of Local Government Regulatory Burdens
Sub Total	\$2,071,816	
Engineering		
Eco Logical Australia	\$149,821	Bushfire Risk Management Audit 2015
Cobbitty Consulting	\$89,429	Operational Audit of Water NSW
Risk Edge	\$68,294	2014/2015 Operational Audit - Sydney Water Corporation

Consultant	Cost(\$)	Title
Viridis Consultants Pty Ltd	\$60,314	Operational Audit of Hunter Water Corporation
Sub Total	\$367,858	
Information Technology		
CGI Technologies Pty Ltd	\$315,380	Maintenance of ESS Registry
Adrenalin Media	\$145,376	IPART Website redesign
Sub Total	\$460,756	
Management Services		
Mandarin Media Pty Ltd	\$133,443	Communication and media services
KPMG	\$140,617	Support Services Review
People Measures Pty Ltd	\$54,750	Performance review for nine Core Executive Team Members
Incorp Interior Design	\$77,570	ICT Area works
Roy Morgan Research	\$63,500	Passenger survey for 2015
Sub Total	\$469,880	
Legal		
Minter Ellison	\$71,287	ESS Compliance & Enforcement advice
Sub Total	\$71,287	
Total	\$3,441,597	

Table D.11 Consultants up to \$50,000 in 2015-16

Annual Report Category	Number of engagements	Cost (\$)
Finance and Accounting	25	\$668,756
Engineering	3	\$60,684
Environmental	5	\$68,061
Information Technology	7	\$151,041
Management Services	32	\$669,584
Legal	1	\$21,500
Training	1	\$16,695
Total	74	\$1,656,321

Contract executive profile

All of IPART's executive staff are employed under contract as Public Service Senior Executives. Remuneration is subject to determinations by the Statutory and Other Offices Remuneration Tribunal.

E | Audit and risk management

Attestation

I, Hugo Harmstorf, am of the opinion that IPART has internal audit and risk management processes in operation that are, excluding the transitional arrangement described below, compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*. Specifically:

Core Requirements	Specify compliant, non-compliant, or in transition
<i>Risk Management Framework</i>	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<i>Internal Audit Function</i>	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<i>Audit and Risk Committee</i>	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	In transition (see below)
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- ▼ Independent Chair, Ken Barker (Start term 14 October 2014, finish term 14 October 2018)
- ▼ Independent Member, Tim Holden (Start term 31 October 2014, finish term 31 October 2017)
- ▼ Non-independent Member, Pamela Soon (Start term 17 August 2012, finish term 31 October 2016).

Departure from Core Requirements

I also advise that the internal audit and risk management processes for IPART departs from clause 3.1.4 of Core Requirement 3.1 set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*. IPART is implementing measures to achieve compliance with the new policy requirement consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
<i>In Transition</i>	
Core Requirement 3.1	<p>Due to the change in policy requirements that are effective from 1 July 2017, we will need to replace the non-independent member with an Independent Member by 30 June 2017.</p> <p>The non-Independent member's term will expire on 31 October 2016. We will select a suitably qualified Independent Member from the Audit & Risk Committee Pre-qualification Scheme as the replacement.</p>

This demonstrates that IPART has established and maintains frameworks, including systems, processes and procedures for appropriately managing audit and risk within IPART.

Yours sincerely

Hugo Harmstorf
Chief Executive Officer

Risk Management and Internal Audit

IPART's risk management and internal audit framework informs and supports decision making across the organisation. We have developed our risk management framework to:

- ▼ build awareness and consideration of risks across the organisation
- ▼ facilitate risk reporting
- ▼ test, review and revise our key risk management strategies, and
- ▼ comply with the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector.

IPART's risk management is overseen by the Audit and Risk Committee (ARC) and risks are also regularly reported to senior executives and the Tribunal. Key risk management activities during the year included:

- ▼ establishing risk management processes for IPART's new and expanded functions
- ▼ enhancing the way in which we communicate project risk within the organisation, and
- ▼ reviewing and amending controls in response to recommendations from our internal audit program.

Our risk management activities inform our internal audit program and we have a number of internal audits planned for the coming year. We operate our internal audit function using an outsourced model and during the past financial year we reviewed the following areas of the organisation:

- ▼ financial and administrative controls
- ▼ payroll systems, processes and controls, and
- ▼ quality assurance framework and processes.

The ARC considers the outcome of each audit and our senior executives develop a set of actions to address each audit recommendation. Senior executives and the ARC are provided with regular updates about progress towards implementing the recommendations.

**Digital Information Security Annual Attestation Statement for the 2015-16
Financial Year for the Independent Pricing and Regulatory Tribunal**

I, Hugo Harmstorf, Chief Executive Officer of the Independent Pricing and Regulatory Tribunal, am of the opinion that the Independent Pricing and Regulatory Tribunal had a partially compliant Information Security Management System in place during the 2015-16 financial year consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*. A fully compliant Information Security Management System is expected to be in place by the end of the 2016-17 financial year.

In the interim period, the security controls in place are adequate to mitigate significant identified risks to the digital information and digital information systems of the Independent Pricing and Regulatory Tribunal.

There is no agency under the control of the Independent Pricing and Regulatory Tribunal which is required to develop an Independent Information Security Management System in accordance with the *NSW Government Digital Information Security Policy*.

Yours sincerely



Hugo Harmstorf
Chief Executive Officer

F External liaison

Overseas visits

There was one overseas visit by IPART staff in the reporting period.

Date	Officer	Destination	Purpose
10 June 2016	Anna Brakey	Wellington, New Zealand	Utilities Regulators Forum (URF)

Complaints

All complaints or enquiries are recorded and, where relevant, registered as submissions to any current review.

This financial year there was an decrease in complaints about energy pricing: 46 complaints were recorded compared with 123 last financial year. Although IPART no longer regulates electricity pricing, we still have a steady flow of complaints which we answer or refer to the Australian Energy Regulator. There were 33 complaints made about Transport primarily related to Opal fares.

Complaints about water pricing remained relatively steady from 13 last financial year to 15 in 2015-16. These complaints concerned charges for water and sewerage.

In response to IPART's role in Local Government, five complaints were recorded compared with seven last year. They were primarily from ratepayers dissatisfied with IPART's decisions on requested variations to rates. IPART was able to explain the basis for the decision.

When appropriate, complaints are referred to the relevant regulated entity or to the Energy and Water Ombudsman NSW.

Complaints about competitive neutrality

There were no complaints about non-compliance with competitive neutrality referred to IPART in 2015-16.

G | Government information (Public Access) Act

The *Government Information (Public Access) Act 2009* (the GIPA Act) commenced on 1 July 2010, replacing the *Freedom of Information Act 1989* (the FOI Act). The GIPA Act requires IPART to provide the following information on its websites:

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

Availability of information

Copies of all IPART publications are available on our website at <https://www.ipart.nsw.gov.au>.

Where information is not available on IPART’s website, an informal request for this information may be made to IPART by contacting IPART’s Right to Information Officer, Michelle James (michelle_james@ipart.nsw.gov.au). Unless there is an overriding public interest against disclosure of the information, IPART will try to release information without the need for a formal access application.

Over the last financial year, IPART has received a number of informal requests for information and, where appropriate, dealt with these by providing the requested information.

Formal access application

Where information is not available on IPART's website or not able to be provided by informal request, a formal access application may be made to IPART. This involves sending a written application and an application fee of \$30 to the following address:

Ms Michelle James
Right to Information Officer, IPART
PO Box K35
Haymarket Post Shop NSW 1240

Further details about making a formal access application are available on IPART's website (www.ipart.nsw.gov.au).

Formal requests made during this year

IPART received a total of 10 formal requests under the *Government Information (Public Access) Act 2009* during the reporting year and all decisions on access were made during the reporting year.

IPART received no requests for amendment or notation of personal records.

Request carried forward from the previous year

There were no requests carried forward from the previous year.

Review of information to be proactively released

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

IPART's program for the proactive release of information involves reviewing information that has been informally released, information that has been formally requested under the GIPA Act as well as information held that may be of interest to members of the public that can be proactively released and made available for public use. IPART routinely publishes a significant amount of information on its website. We are also currently working on a framework to assist staff in identifying information that can be proactively released.

Total number of access applications refused on the basis of overriding public interest against disclosure

IPART did not refuse any applications in the 2015-16 reporting year.

Statistical information

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	1	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-	-	-	-	-
Members of the public (other)	5	1	-	-	-	1	-	2

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	5	1	-	-	-	2	-	2
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

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

Table G.3 Invalid applications

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

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

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table G.5.

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

	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table G.6 Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	6
Decided after 35 days (by agreement with the applicant)	-
Not decided within time (deemed refusal)	-
Total	6

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

	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner*	-	-	-
Internal review following recommendation under section 93 of the Act	-	-	-
Review by ADT	-	-	-
Total	-	-	-

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

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

	Number of applications for review
Applications by access applicants	-
Applications by persons to whom information the subject of access application relates	-

**Table G.9 Applications transferred to other agencies under Division 2 of
Part 4 of the Act (by type of transfer)**

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

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