

**Annual  
Report  
2003/04**

**IPART**



**INDEPENDENT PRICING  
AND REGULATORY TRIBUNAL  
of New South Wales**



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

21 October 2003

The Hon. Bob Carr MP  
Premier of NSW  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Premier

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
**ANNUAL REPORT 2003/2004**

As required by the Annual Reports (Statutory Bodies Act) 1984, we are pleased to submit the annual report of the Independent Pricing and Regulatory Tribunal for the year ended 30 June 2004.

Yours sincerely,

A handwritten signature in black ink that reads "James Cox".

James Cox  
A/Chairman

# IPART Annual Report 2003/2004

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*This year, 2003/04, has been another challenging period for IPART. This report details our response to these challenges and analyses the impacts of the Tribunal's decisions.*

Of particular importance was the completion during the year of the Tribunal's work on pricing for the use of electricity distribution networks and gas and electricity retail pricing. The networks decisions will enable the electricity networks to fund the investment required to refurbish their networks and to cater for load growth. The decision also includes an incentive mechanism that encourages the network businesses to undertake demand management activities where this is commercially justified.

In its retail decision, the Tribunal decided to move towards more cost-reflective pricing for electricity over the next three years. The Tribunal's decision will facilitate increasingly competitive energy retail markets in New South Wales without subjecting consumers to excessively large price increases. It will also encourage generators to bring new capacity to the New South Wales market when this is justified on economic grounds.

The year, 2003/04, was the first full year during which IPART administered the Greenhouse Gas Abatement Scheme on behalf of the New South Wales government. The year also saw the resignation of IPART's well-respected and much-liked inaugural Chairman, Dr Thomas Parry.

Looking forward, IPART has a crowded work program especially in gas and water. Over the next twelve months IPART will review access arrangements proposed by AGL and Country Energy. IPART will set prices for the five metropolitan water agencies. It will make recommendations to the government on revisions to the operating licences for the Sydney Catchment Authority and the Sydney Water Corporation. IPART will set prices for bulk water sales and water management activities by State Water and the Department of Infrastructure, Planning and Natural Resources. It will recommend to the Government the terms and conditions of State Water's operating licence. In addition IPART will audit the Rail Access Regime, determine fare prices for the State Transit Authority and Sydney ferries, and recommend fares for the private buses, ferries and taxis.

IPART's responsibilities continue to expand. As noted, IPART will be involved in preparing an operating licence for State Water. The NSW government has recently

asked IPART to investigate a complaint regarding the possible absence of competitive neutrality in the pricing policies of the State Valuation Office.

The issues that IPART is dealing with are becoming more complex and difficult. During the 1990s, infrastructure businesses were able to reduce the unit costs of production by achieving efficiencies and obtaining better utilisation of previously under-utilised assets as demand grew. The rate of return required by investors eventually fell as expectations of continuing low inflation became entrenched. In these circumstances, IPART and its fellow regulators were in the fortunate situation of being able to reduce prices.

The circumstances facing regulators today are more challenging. Although IPART must continue to encourage the businesses that it regulates to make efficiency gains, these will be harder to achieve in future than they have been in the past. Moreover, as recent events in some Australian and overseas jurisdictions have demonstrated, the community greatly values continuation of safe and reliable supplies of essential services such as electricity, gas and water. In addition, regulators must ensure that regulated businesses are provided with sufficient funds to provide the higher environmental and customer service that are required by an increasingly prosperous community.

The importance of providing adequate incentives for investment in infrastructure industries has been emphasised in the recent public debate about regulation. This is particularly important where the continuing availability of low cost private capital to invest in infrastructure industries is an important objective of the regulatory regime. In making decisions, regulators must carefully balance the benefit that consumers receive from low prices in the short term with their continuing requirement for safe and reliable supplies of infrastructure services.

In these circumstances, IPART is required to balance the interests of customers and suppliers. Price rises will sometimes be necessary. However, it is IPART's task to ensure that price rises are no greater than is necessary and that equity consequences are carefully considered. Moreover, increasing emphasis is being placed on the application of ideas about risk management to regulation. The regulator should ensure that regulated



businesses understand the risks they are facing (for example, of major infrastructure failure) and have adopted well-considered strategies to address these risks. Asset management is therefore increasingly being emphasised in the Tribunal's work both on pricing and licensing.

In meeting these challenges, IPART continues to emphasise its independence from government and other stakeholders; the transparency of its regulatory processes; extensive consultation; equity and balance between competing interests; a fair, rational and consistent decision-making process; and adherence to the highest professional standards by its staff. During 2003/04 IPART undertook its second stakeholder survey. The results, which are presented later in this report, were very pleasing. They show that IPART is highly respected both for the quality of its decision-making and for the professionalism of its work.

There were pleasing gains in some areas that had been emphasised for improvement by IPART's executive following the previous stakeholder survey in 2000/01. These include the transparency of IPART's decisions and the quality of its written reports. By contrast, non-government stakeholders were increasingly concerned about the extent to which IPART is independent of government. IPART often works in areas that are contentious and politically sensitive. Governments will often have strong views about these issues and will wish to inform IPART about their views. IPART for its part must consider most carefully any views that are put forward by an elected government. It is important that these exchanges, while desirable in themselves, take place in a way that maintains public confidence in the integrity of IPART's processes. The results of the stakeholder survey indicate that further work is needed in this area.

As discussed by Thomas Parry in last year's Chairman's report, the Commonwealth and State governments are establishing a national energy regulatory body. It is likely that the national regulator will eventually have implications for the scope and nature of the Tribunal's work but the extent and timing of any changes are uncertain at this stage. There are many differences between the States in the regulation of distribution and retail pricing and licensing that would need to be harmonised in the move to national regulation. Equally

important, in my view, is the need to ensure that, while preserving their independence, regulators continue to be accountable to governments, Parliaments and the community generally for the decisions they take which often have a direct impact on people's lives.

IPART will contribute to the development of the new regulatory arrangements by sharing what we have learned from twelve years of economic regulation in New South Wales. In addition, we will work with the national Utilities Regulators' Forum to develop, as far as is practical, consistent approaches to regulatory policy and data collection. During 2003/04 the Forum expanded its work program to include water and transport as well as energy issues. A particularly important development has been the commencement of a nationally consistent approach to data collection. This will, in time, enlarge the information available to regulators by permitting accurate comparisons between NSW and interstate businesses.

IPART takes pride in its highly professional staff. It is, in my view, important that IPART continues to be a place that attracts talented young people and offers them opportunities to use their talents and learn new skills. At the same time, IPART must insist that work undertaken for it meets the highest professional standards.

I would like to end this report by thanking my colleagues Mr Peter Egger, Dr Thomas Parry, Professor Warren Musgrave and especially, Ms Cristina Cifuentes for their encouragement and assistance during a busy and transitional year. I would also like to thank the staff of the Tribunal for their excellent professional assistance and support to the Tribunal during the year.



James Cox  
A/Chairman

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

### Charter

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

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

In addition, IPART can be asked to:

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

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

### Purpose and objectives

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

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

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

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

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

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

## Mission

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

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

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

## Vision

In pursuing this mission, IPART's vision is:

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

## Service philosophy

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

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





# Our principal **achievements** in **2003/2004**

## **Water Pricing**

- ▼ Completed Section 12 Investigation into pricing structures to reduce demand for water in the Sydney Basin.
- ▼ Commenced price Determination for Metropolitan Water Agencies to apply from 1 July 2005: Sydney Water Corporation, Hunter Water Corporation, Sydney Catchment Authority, Gosford City Council, and Wyong Shire Council.
- ▼ Commenced work on bulk water price determination to apply from 1 July 2005.

## **Water Licensing**

- ▼ Conducted annual Audit of the Operating Licences for Sydney Water Corporation, Sydney Catchment Authority and Hunter Water Corporation.
- ▼ Commenced Term Review of the Operating Licences of Sydney Water Corporation and Sydney Catchment Authority. New Licences are to apply from 1 July 2005 for the Sydney Water Corporation and 1 January 2006 for the Sydney Catchment Authority.

## **Transport**

- ▼ Reviewed aspects of Rail Infrastructure Corporation's rail access prices (as per amended Rail Access Regime).
- ▼ Recommended NSW Taxi Fares for 2004/05.
- ▼ Determined annual prices for State Transit Authority and Sydney Ferries, and recommended annual fares for private buses.
- ▼ Determined annual prices for CityRail.
- ▼ Commenced review of key parameters for application in the NSW Rail Access Regime.
- ▼ Registered Rail Access Agreements – Ongoing.
- ▼ Reviewed the Central Monitoring Fee for gaming machines payable to the TAB.
- ▼ Assisted the Independent Competition and Regulation Commission in determining prices for water and waste water.

## **Energy**

- ▼ Monitored compliance with current electricity determinations.
- ▼ Completed the 2004 Electricity Network Review under the National Electricity Code.
- ▼ Carried out Joint Review of Metrology Procedures with other jurisdictional Regulators.
- ▼ Continued 6 monthly reporting for those licence holders supplying consumers in the "small customer" market (annual bill less than \$16,000).
- ▼ Commenced review of Country Energy's and AGLGN's revised arrangements for access to the gas network in and around Wagga Wagga and the remainder of NSW respectively.
- ▼ Considered tender process for proposed Central Ranges extension to the gas network under the National Gas Code.
- ▼ Reviewed Default Retail Prices in both the Electricity and Gas Markets for small retail customers (with bills up to \$16,000 pa) for the 3 years from 1 July 2004.
- ▼ Assisted the Independent Competition and Regulation Commission in determining prices for electricity.

## **Analysis and Policy Development**

- ▼ Conducted Household Survey on current use and cost of utility services matched to household characteristics.
- ▼ Reviewed harm minimisation strategies for Gaming.
- ▼ Recommended a pricing framework for Waterfront Leases.
- ▼ Recommended a price structure for the Central Corporate Services Unit for 2004/05.
- ▼ Reviewed the local regulator's energy pricing decision-making process for the South Australian government.
- ▼ Reviewed regulatory tests for capital expenditure by Metropolitan Water.



## **Greenhouse Gas Abatement Scheme Administrator**

- ▼ Established an on-line registry to track the creation, transfer and ultimate surrender of abatement certificates. The first certificates were ready to be purchased in November 2003.
- ▼ Prepared application forms, guides, fact sheets and record keeping guidelines.
- ▼ Conducted trial accreditations of abatement certificate providers to finalise accreditation documents and processes, and conditions of accreditation.
- ▼ Established and trained a panel of auditors and prepared Audit Guidelines and a template Audit Report.
- ▼ Prepared general accreditation conditions for three of the Greenhouse Gas Benchmark Rules.
- ▼ Documented case studies on accreditation to assist potential abatement certificate providers.
- ▼ Prepared compliance reporting format for benchmark participants.
- ▼ Accredited 39 Companies and 113 individual projects, resulting in the creation of over 7.6 million certificates (more than sufficient to meet the 2003 reduction target of 1.167 million certificates). Each certificate represents 1 tonne of carbon dioxide equivalent emission that has been avoided.
- ▼ Participated in two Rule change processes to improve the clarity and operation of the Scheme.
- ▼ Completed the first report on the operation of and compliance with the Scheme for 2003 and presented the report to the Minister for Energy and Utilities on 30 June 2004.
- ▼ Collected over \$1.2 million in administered revenue. The Scheme is on target to be fully self funded over its projected life.



# Performance against corporate objectives

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

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

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

## 1 Reach a reasonable, balanced answer

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

In 2001, IPART conducted a stakeholder survey to gauge perceptions of the quality of its processes. In 2003, a follow-up survey has reassured the agency that strategies implemented in response to the earlier survey have resulted in improved perceptions in targeted areas. At the same time, falls in some ratings have identified fresh areas of focus for the future.

Overall, the regard for the quality of decision making processes improved in 2003, with 68% of stakeholders agreeing the process to be of high quality compared to 58% in 2001. However, there was an unexplained fall in perception of IPART's compliance with its legislative requirements (76% in 2003 compared with 85% in 2001). It is not clear if this a reflection of the new and more prescriptive regimes in full retail competition and the Greenhouse Gas Abatement Scheme but certainly the Scheme stakeholders responded with the lowest rating in this area (71%). There was also an unanticipated fall in the perceived independence of Tribunal members.

In response to feedback from stakeholder concerns in 2001 that the basis for judgement was not always adequately communicated, IPART dedicated considerable effort in the last two years to improving the structure and clarity of its reports. The 2003 survey indicated recognition of that effort, with 86% of respondents agreeing that IPART's reports are easy to read and understand, compared with 70% in 2001. The ratings of the credibility and transparency of reports also improved by similar margins.

The following table provides a summary of the implementation of IPART's strategic commitments in 2003/04:

Strategy	Action	Progress to 30 June 2004
Continue to monitor developments in other jurisdictions	▼ Participate in Australian Regulators Forum	▼ Senior staff participated in the Australian Regulators Forum, Utility Regulators Forum, National Water Regulators' senior officials group, the Steering Committee on Energy Retail Consistency and the Electricity Distribution Regulators Policy Group.
	▼ Collaborate with other regulators in research activity, including developing joint research programs	▼ IPART subscribes to public releases on local and overseas regulatory developments (eg from Australian Water Association, UK Office of Water, the American Water Works Association and the UK Office of Gas and Electricity Marketing).

Strategy	Action	Progress to 30 June 2004
	<ul style="list-style-type: none"> <li>▼ Participate in seminars/conferences</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART met with Australian regulators in relation to water and public transport industries to discuss common issues.</li> <li>▼ Staff contributed to inter-jurisdictional Working Groups on the National Electricity Code and Retail Electricity.</li> <li>▼ IPART supported the establishment of the Australian Centre of Regulatory Economics (ACORE) at the Australian National University.</li> <li>▼ Staff participated in a conference on 'Price Cap Regulation in Australia' hosted by the Australian Centre of Regulatory Economics.</li> </ul>
<p><b>Continue to monitor and report on impacts of its decisions to ensure they have no unintended consequences</b></p>		<ul style="list-style-type: none"> <li>▼ IPART conducted the annual compliance assessment of electricity network, and regulated retail tariffs for both electricity and gas.</li> <li>▼ The relevant industry teams conducted annual compliance assessment of prices charged by water and transport agencies.</li> <li>▼ The Transport team reviewed and published household income profile of transport users by transport mode and ticket type.</li> <li>▼ The industry teams also liaised with the Energy and Water Ombudsman of NSW to monitor complaints and their investigation.</li> <li>▼ The Water team examined and published impact on metropolitan water bills of changes to price levels and price structures.</li> </ul>
<p><b>Continue to research and adopt improved regulatory techniques and approaches</b></p>	<ul style="list-style-type: none"> <li>▼ Interpret statutory requirements and ensure compliance</li> <li>▼ Establish and apply criteria for assessing form of regulation</li> <li>▼ Establish in-house knowledge and peer review</li> </ul>	<ul style="list-style-type: none"> <li>▼ All IPART's determinations and licence investigations were subject to legal review (eg metropolitan water price determinations, Hunter Water Customer Contract).</li> <li>▼ IPART released issues papers for each of its major investigations (eg Metro Water prices, Taxis, gas and electricity regulated retail tariffs, inclining block tariffs for electricity network services, rentals for domestic waterfront tenancies and gambling harm minimisation measures).</li> <li>▼ IPART engaged external industry specialists to supplement internal resources in the audit of operating licences (eg SWC, SCA &amp; HWC), the review of demand forecasts for distribution network service providers and NSW gas network companies, customer service indicators and ecologically sustainable development indicators for Sydney Water, and key performance measures for RailCorp.</li> <li>▼ IPART held peer review sessions as part of each investigation. It also undertook post-investigation reviews (and reported results to the Tribunal), and held regular team meetings to review approach and discuss way forward.</li> </ul>

# Performance against corporate objectives

continued

Strategy	Action	Progress to 30 June 2004
	▼ Establish best practice and transparent processes	▼ IPART held regular discussions with key stakeholders on key issues. The Energy team maintained three consultation forums for the Pricing Industry, Miscellaneous Charges and Monopoly Fees and the Water team met with the Metropolitan Water Strategy Group.
<b>Provide more reasoned explanations of decisions</b>	▼ Establish best practice report writing	▼ IPART continued to focus on the quality of its reports, both their structure and style. In particular, it aimed to include clear and logical explanations of the Tribunal's decisions and decision-making process. The in-house training program was repeated for new staff.

## 2 Demonstrate a fair and open process

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

The 2003 survey showed negligible movement in perceptions of fairness and independence of decision making processes, and ratings of the quality of consultation processes remained high (79% in 2003 compared with 83% in 2001). Similarly there were continued strong assessments of the accessibility, transparency and promotion of consultation (77%, 87% and 84% respectively). Stakeholders confirmed their strong interest in opportunities for discussion of key issues and drivers for each industry IPART regulates.

The 2001 survey identified stakeholder concerns about the adequacy of time frames for responding to IPART requests for information and the need for clearer mapping of the regulatory timetable and stricter adherence to it. IPART accepts the importance of setting fair target times and it was pleasing to note the greatly improved perception of timeliness in response to better adherence to target dates (71% in 2003 compared to 52% in 2001).

However the stakeholder survey also indicated a perception that IPART has insufficient direct interaction with the community and that consultative processes do not successfully canvas the views of all stakeholders but was more biased towards special interest groups. The suggestion was for more consultation with the general community because the views of ordinary people, "the silent majority", were not canvassed in current processes. The household survey IPART conducted this financial year responds in part to this concern, but the organisation is still considering an effective mechanism which would not be too resource intensive.

Progress in following strategies to improve processes in 2003/04 include:

Strategy	Action	Progress to 30 June 2004
<b>Hold regular meetings with key stakeholders</b>	▼ Establish and implement program for meeting with key stakeholder groups	▼ There were regular meetings with the Energy Industry Consultation Group, the Transport Reform Group, Group, Metropolitan Water Reference Group and other key stakeholders and government agencies.
<b>Encourage and facilitate stakeholder involvement</b>	▼ Adopt technology and processes to make participation in investigations easier	▼ IPART continued to provide up-to-date information about its role and activities on its website. All its reports were available from this site (as well as in hard copy). It also continued to redesign the site to allow easier navigation, provide a search capability and increase interactivity.
	▼ Publish timetables for reviews and release discussion papers and draft determinations	▼ IPART published and updated timetables for all the reviews it undertook this year, on its web site, in issues papers and in Notices.



Strategy	Action	Progress to 30 June 2004
	<ul style="list-style-type: none"> <li>▼ Continue to hold public seminars and hearings</li> <li>▼ Articulate the information IPART requires from businesses and agencies it regulates</li> <li>▼ Seek the views of the “average” customer</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART held a number of public seminars and hearings (see Appendix 2 for more detail).</li> <li>▼ As part of the 2004 Electricity Review, IPART conducted four public forums allowing both distribution network service providers(DNSPs) and non-DNSPs to present their submissions, one forum on the total cost review draft report and finally on the draft determination.</li> <li>▼ Public hearings were held for the metropolitan water price investigation and determination of CityRail and State Transit fares.</li> <li>▼ A presentation was made on the outcomes of the operating licence audit to the Hunter Water Consultative Forum.</li> <li>▼ Key stakeholder groups were briefed on Tribunal determinations and recommendations.</li> <li>▼ IPART published the outcome of the metropolitan water agencies licence audit.</li> <li>▼ IPART undertook a major household survey of energy and water use characteristics within Sydney, Blue Mountains and the Illawarra to help inform electricity and water reviews and improve understanding of customer inputs.</li> </ul>
<b>Explain IPART’s decision making processes and its rationale for decisions</b>	<ul style="list-style-type: none"> <li>▼ Explain decision-making processes through issues papers and reports</li> </ul>	<ul style="list-style-type: none"> <li>▼ Publicly released reports were edited to improve presentation and clarity.</li> <li>▼ Reports were subject to legal review to ensure compliance with legal requirements to explain decisions and decision making.</li> <li>▼ IPART has continued to use its publications to explain its processes and the basis of its decision.</li> </ul>
<b>Seek feedback on stakeholder perceptions of IPART’s integrity, processes, and quality of work</b>	<ul style="list-style-type: none"> <li>▼ Survey stakeholder perceptions every two years</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART surveyed stakeholders in 2003/04 to seek feedback on perceptions of processes and credibility.</li> </ul>

### 3 Apply a rigorous and credible process

IPART’s focus on enhancing the quality of its work and the rigour of its processes was reinforced by the second survey which improved on already satisfactory ratings. The 2003 survey indicated that stakeholders have a high level of respect for the professionalism of IPART’s staff. Overall 92% of respondents agreed that IPART’s staff demonstrate a high level of professionalism (compared to 78% in 2001), with uniform levels of respect from all categories of stakeholder (in contrast to the earlier survey). Perceptions of staff courtesy and probity also remained high at 96% and 93% respectively.

In the original survey a number of stakeholders in the regulated industries raised concerns about how a small agency like IPART can ensure the depth and breadth of expertise across the wide range of areas that the Tribunal covers. Despite IPART’s efforts in the last two years to diversify and develop its in-house expertise and to complement this area with the use of consultants, the 2003 survey showed only modest improvement in perceptions of technical competencies (68% in 2003 compared with 63% in 2001), and again the energy regulated enterprises

# Performance against corporate objectives

continued

showed the strongest perception of limitations.

Similarly, despite increased recruitment, the majority of stakeholders did not consider IPART adequately resourced to carry out its roles (46% in 2003 compared with 43% in 2001), particularly in regard to staffing levels. The Greenhouse Gas Abatement Scheme participants had the most negative perception of all groups, with only 29% agreeing that IPART has sufficient resources. This probably reflects the reality of the first full year of implementation of the Scheme, in recruiting and training staff in a very complex and ground breaking regulatory framework.

These highlights from 2003/04 illustrate the strategies being followed in this area:

Strategy	Action	Progress to 30 June 2004
<b>Recruit additional senior staff</b>		<ul style="list-style-type: none"> <li>▼ Recruitment of staff continued but the increase in numbers will be realised next financial year.</li> </ul>
<b>Continually improve internal analytical tools and processes</b>	<ul style="list-style-type: none"> <li>▼ Implement information management strategy</li> </ul>	<ul style="list-style-type: none"> <li>▼ Due to the critical importance of the records management processes, IPART commenced planning for an upgrade to TRIM context, which will provide a more flexible and customised platform.</li> <li>▼ IPART invested in a new statistical software package and associated training to enhance in-house analysis.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Establish library/information supply service</li> </ul>	<ul style="list-style-type: none"> <li>▼ This year IPART subscribed to new on-line databases and increased services to improve its research resources.</li> </ul>
<b>Make better use of internal and external legal advice</b>		<ul style="list-style-type: none"> <li>▼ Increased in-house legal resources combined with greater, targeted use of external legal advice allowed IPART to review a significant number and range of legal matters.</li> </ul>
<b>Make better use of consultants</b>	<ul style="list-style-type: none"> <li>▼ Establish criteria for using consultants</li> </ul>	<ul style="list-style-type: none"> <li>▼ A separate panel contract for audit and technical advice services was established for the Greenhouse Gas Abatement Scheme.</li> </ul>
<b>Apply high standards of ethical and professional work standards</b>	<ul style="list-style-type: none"> <li>▼ Ensure protection of confidential data consistent with statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>▼ The professional standards and behaviour policy was reviewed as part of a systematic revision of policies and procedures.</li> </ul>

## 4 Manage resources efficiently and effectively

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

Overall, stakeholders perceive that IPART staff conduct their dealings with diligence and efficiency, and this perception has improved since the 2001 survey (88% in 2003 compared with 75% in 2001). However there was useful feedback on issues associated with timetables, planning and the level of staff to which it is appropriate to delegate stakeholder liaison.

The majority of those who commented on changes since the last survey felt that IPART had improved and become more engaging, more pragmatic, more relaxed and less formidable. The informal processes are now much better than before, with more frequent and better structured meetings and consultations as well as a more relaxed, less formal approach.

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

Strategy	Action	Progress to 30 June 2004
<b>Review profile of workforce to match skill set with organisational needs</b>	<ul style="list-style-type: none"> <li>▼ Undertake skill set audit and associated training needs analysis</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART committed to a program of executive development, involving skills analysis and a targeted approach to training and coaching of each senior manager.</li> </ul>
<b>Become preferred employer by offering development opportunities and family friendly work practices</b>	<ul style="list-style-type: none"> <li>▼ Encourage healthy lifestyle at work</li> <li>▼ Leverage external resources for supplementary specialist skills (eg engineering) and manage peaks in workload</li> <li>▼ Reward staff with accelerated increments for outstanding performance</li> <li>▼ Support flexible working conditions</li> </ul>	<ul style="list-style-type: none"> <li>▼ The success of voluntary health assessments was followed by a monthly corporate health management newsletter produced by a leading health provider to maintain awareness.</li> <li>▼ The panel contract provides breadth of coverage for the range of additional skills required, supplemented by tenders where necessary.</li> <li>▼ One element of the performance reviews is the provision for accelerated progression as recognition for outstanding performance.</li> <li>▼ IPART continues to offer flexible working hours, part time work opportunities and working from home arrangements (supported by independent assessments of the safety of the home work environment).</li> </ul>
<b>Provide systematic training and other skill building opportunities for staff</b>	<ul style="list-style-type: none"> <li>▼ Provide training that meets individual and organisational needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ Training needs identified through the internal performance management system are followed up with appropriate development in the form of in-house or external training.</li> <li>▼ A seminar on administrative law was presented to all managers and senior officers.</li> <li>▼ Awareness sessions were conducted for all staff members on help provided through the Employee Assistance Program.</li> <li>▼ IPART sponsored a number of officers to attend training specific to the needs of staff of regulatory bodies, with the Australian Centre of Regulatory Economics (ACORE).</li> </ul>
<b>Work with other public sector agencies to achieve economies of scale</b>	<ul style="list-style-type: none"> <li>▼ Streamline systems and processes</li> </ul>	<ul style="list-style-type: none"> <li>▼ In cooperation with the Central Corporate Services Unit, IPART now has improved access to financial data online, more sophisticated reports and automated procurement options.</li> <li>▼ IPART was one of the first agencies to take advantage of the NSW Agreement on Microsoft Systems, a government contract providing significant savings for software licences.</li> <li>▼ The Natural Resources Commission is a small, independent advisory agency like IPART, which is providing key corporate services to the Commission, resulting in efficiencies for both organisations.</li> </ul>
<b>Continuously improve systems and services</b>	<ul style="list-style-type: none"> <li>▼ Develop personnel policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>▼ Revised policies through the Joint Consultative Committee to ensure they continue to meet legislative requirements and needs of agency.</li> <li>▼ Reviewed Induction procedures to comply with OH&amp;S and Privacy legislation.</li> </ul>

# Performance against corporate objectives

continued

Strategy	Action	Progress to 30 June 2004
	<ul style="list-style-type: none"> <li>▼ To ensure a high standard of IT security is provided, with ongoing monitoring and enhancements as required</li> <li>▼ To ensure the Business Continuity Plan meets business needs</li> <li>▼ To ensure software and hardware are in line with current business needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ Implemented Induction procedures for contract and consultancy personnel.</li> <li>▼ IPART has maintained its AS7799 Security certification following 6 monthly audits.</li> <li>▼ IPART updates its Business Continuity Plans on a yearly basis to ensure it adequately addresses any changes to business needs. This year it also conducted a live test run of its BCP.</li> <li>▼ IPART continued to maintain system currency and upgrade its capacity and security measures protecting the integrity of data.</li> </ul>
<b>Embrace Government commitment to electronic service delivery</b>	<ul style="list-style-type: none"> <li>▼ To provide all appropriate publications and transactions on the internet</li> <li>▼ To develop a separate web site for the Greenhouse Gas Abatement Scheme</li> </ul>	<ul style="list-style-type: none"> <li>▼ The release of the new website was delayed by the volume of data to be entered and is expected to be completed by the end of 2004. All current information continues to be available on the static site.</li> <li>▼ Following the increase in information on the website developed for the Greenhouse Gas Abatement Scheme, IPART commenced a review of the structure and contents.</li> </ul>
<b>Make effective use of equipment and systems</b>	<ul style="list-style-type: none"> <li>▼ Develop asset management plan</li> <li>▼ Implement improved IT &amp; office security (including disaster recovery plan)</li> <li>▼ Ensure all systems can cope with additional growth</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART reviews its asset plan yearly. Further revision was prompted by the growth in IPART and its asset base.</li> <li>▼ IPART completely revised its 3-year IT Strategic Plan to respond to changes in government requirements and the agency's changing business demands.</li> <li>▼ A new database was developed to streamline data recording and report generation for the licence compliance areas.</li> <li>▼ IPART implemented a virtual private network to provide faster, more secure and more reliable remote access.</li> </ul>

## 5 To Administer the Greenhouse Gas Abatement Scheme

Strategy	Action	Progress to 30 June 2004
<b>Implement the Greenhouse Gas Abatement Scheme</b>	<ul style="list-style-type: none"> <li>▼ Prepare guidelines and information for participants</li> </ul>	<ul style="list-style-type: none"> <li>▼ Published the deemed pool-coefficient, electricity demand and population levels for 2004.</li> <li>▼ Prepared application forms for large electricity customers to elect to manage own greenhouse benchmark.</li> <li>▼ Prepared application forms and guides to support trial accreditations of potential abatement certificate providers under each of the four Greenhouse Gas Benchmark Rules.</li> <li>▼ Prepared general accreditation conditions for three of the Greenhouse Gas Benchmark Rules.</li> <li>▼ Prepared fact sheets on key aspects of the Scheme to assist general stakeholders.</li> </ul>



Strategy	Action	Progress to 30 June 2004
		<ul style="list-style-type: none"> <li>▼ Documented case studies on accreditation to assist potential abatement certificate providers.</li> <li>▼ Participated in two Rule change processes to improve the clarity and operation of the Scheme.</li> <li>▼ Conducted workshops for scheme participants.</li> </ul>
<b>Maintain a registry of abatement certificates</b>	<ul style="list-style-type: none"> <li>▼ Tender for the development and operation of an on-line Registry</li> </ul>	<ul style="list-style-type: none"> <li>▼ Commissioned the on-line registry of abatement certificates and abatement certificate providers by September 2003.</li> <li>▼ Collected over \$1.2 million in administered revenue. The Scheme is on target to be fully self funded over its projected life.</li> </ul>
<b>Accredit abatement certificate providers and monitor Scheme</b>	<ul style="list-style-type: none"> <li>▼ Accredit projects to create sufficient certificates to meet reduction targets</li> <li>▼ Verify the accuracy of abatement certificates and reports to be traded</li> </ul>	<ul style="list-style-type: none"> <li>▼ Conducted trial accreditations of abatement certificate providers to finalise accreditation documents and processes, and conditions of accreditation.</li> <li>▼ Accredited 39 Companies and 113 individual projects, resulting in the creation of over 7.6 million certificates (more than sufficient to meet the 2003 reduction target of 1.167 million certificates).</li> <li>▼ Prepared Audit Guidelines and a template Audit Report.</li> <li>▼ Finalised an audit framework and process maps for accreditations.</li> <li>▼ Prepared compliance reporting format for benchmark participants.</li> <li>▼ Finalised audit framework and process maps for accreditation as certificate providers.</li> <li>▼ Established and trained a panel of auditors.</li> <li>▼ Prepared a Guide to record keeping to assist potential abatement certificate providers.</li> <li>▼ Completed the first report on the operation of and compliance with the Scheme for 2003 and presented the report to the Minister for Energy and Utilities on 30 June 2004.</li> </ul>

## Achievement of Objectives

One factor affecting the achievement of IPART's operational objectives relates to the resignation of the then Chairman, Dr Thomas Parry, in April 2004. The Full Time Tribunal Member, James Cox, took on the role of Acting Chairman but the Full Time role remained vacant, increasing the workload of the remaining Tribunal members. IPART was nevertheless able to meet all the target dates of projects up to 30 June 2004.

Another factor was the detail and complexity of the Rules applying to the Greenhouse Gas Abatement Scheme. During the implementation of the Scheme the practical difficulties with the Rules became apparent. Consequently, the (then) Ministry of Energy and Utilities undertook a consultation process leading to two rounds of amendment in October 2003 and June 2004. These changes should make significant improvements to the clarity and operation of the Scheme and allow a much greater level of certainty for Scheme participants.

# Key performance indicators

	2000/01 Base	2001/02	2002/03	2003/04 Projection */Actual	2004/05*
<b>Outcome and Output targets</b>					
<b>Regulation – Outcomes:</b>					
Survey of stakeholder perceptions of integrity, process and quality of work (every 2 years)	1	N/A	N/A	1	N/A
<b>Regulation – Outputs:</b>					
Number of price determinations and industry reports completed	11	23	33	17/19	25
Number of price determination and industry reports in progress	9	9	8	1/19	6
Number of licence audits completed	2	5	11	5/4	4
Number of licence compliance reports to Minister	1	1	3	5/2	2
Number of licences granted, amended and cancelled	4	34	19	43/26	25
Rules and guidelines completed	5	6	2	2/2	2
Rules and guidelines in progress	2	2	-	2	3
Applications for Associate Contracts considered under S7.1 of National Gas Code	1	2	1	-/5	-
Average response time on notified price increases (Target 60 days for networks and 30 days for retail)	n/a	Networks 60/20.25 days Retail 30/16 days	Networks 60/27 days Retail 30/13 days	Networks 60/11 days Retail 30/8 days	-
<b>Financial Administration:</b>					
Controlled net cost of service within budget	Yes	Yes	Yes	Yes	
Regulation expenditure per capita (NSW)	<\$2	<\$2/\$1.42	<\$2/\$1.60	<\$2/\$2.05	<\$2
Compliance with Public Finance & Audit Act	100%	100%	100%	100%	100%

\* Projection represents known commitments and numbers are likely to be exceeded.

# Key performance indicators

continued

	Target	2000/01	2002/03	2003/04
<b>Performance Measure</b>				
<b>Staff</b>				
Average sick leave days taken	<5	2.45	2.65	2.96
Personnel Enhancement System coverage	100%	100%	100%	100%
Training follows skills audit	100%	100%	100%	100%
Employee satisfaction index (staff survey)				
- Leadership	>90%		81%	
- Remuneration	>90%	No survey data	91%	No survey data
- Working conditions	>90%		92%	
- Support services	>90%		78%	
<b>IT</b>				
System availability	>98%	99.52%	99.86%	99.76%
System security breaches	Nil	Nil detected	Nil detected	Nil detected
Internal service quality rating (staff survey)	>95%	No survey data	70%	No new survey data
<b>Office Services</b>				
Accounts paid on time	90%	91.25%	93.5%	93.25%

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

## **The Tribunal**

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### Permanent members



#### **Acting Chairman**

**Mr James Cox** *BSc (Econ) (Hons), MA (Econ)*

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



#### **Part-time member**

**Ms Cristina Cifuentes** *BEC, LLB(Hons)*

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

**Full-time member** Vacant

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### Temporary members



**Professor Warren Musgrave** *MSc Agr, PhD*

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

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### Meeting frequency and attendance

Throughout the year, the Tribunal held 54 meetings, and hosted a number of public hearings, forums and workshops. More detail about these meetings and each member's attendance is provided in Appendix 2.

## **The Secretariat**

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

Most of the professional staff members are highly experienced economists and financial/accounting analysts.



They work in industry-based teams, undertaking research, investigation and analysis to provide professional advice to the Tribunal. General Counsel and legal staff provide legal advice on the increasingly complex regulations governing utility operations.

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

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

## Senior officers

The Secretariat is headed by four Directors, who report to the Chairman. These Directors are:



### Director Analysis and Policy Development

**Vacant while Eric Groom is on secondment to the World Bank in Washington, USA**  
Responsible for maintaining the intellectual rigour of the approach to regulation and ensuring the consistency of reviews.



### General Manager Support Services

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



### Director Energy

**Fiona Towers BCom (Accounting & Finance), MCom (Economics & Econometrics)**  
Responsible for managing energy industry programs. Fiona is also managing the Analysis and Policy unit in Eric's absence.



### General Manager Greenhouse Gas Abatement Scheme

**Michael Seery B Sc, M Ec, Grad Certificate of Management**  
Responsible for the administration of the Greenhouse Gas Abatement Scheme.



### Director Water and Transport

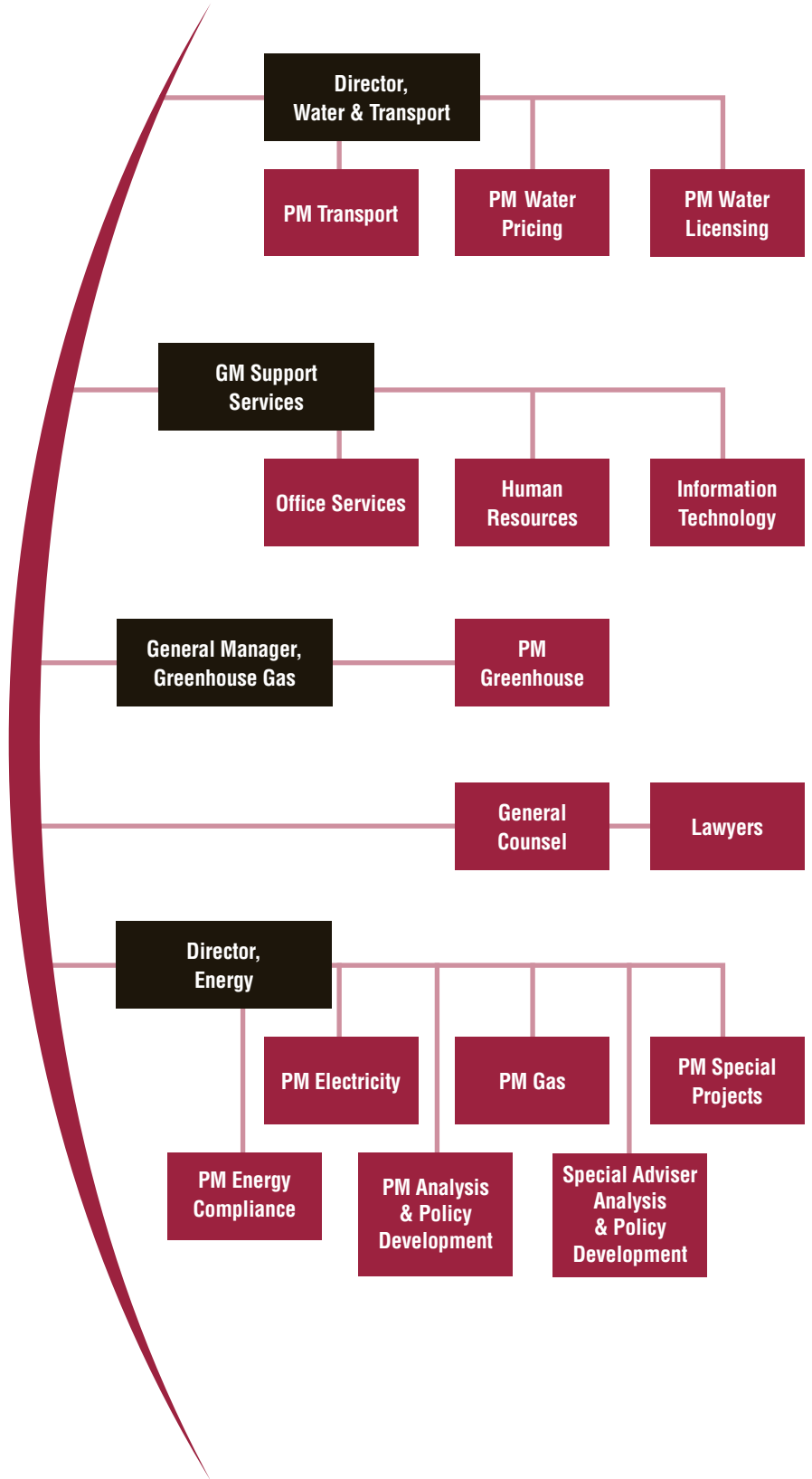
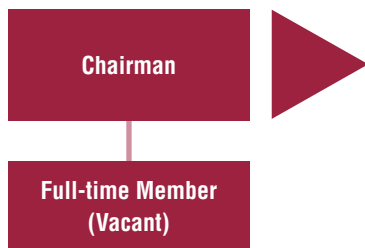
**Colin Reid BCom (Accounting), ASIA, CPA**  
Responsible for managing water and transport industry programs.

## Internal committees

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

# Organisational structure

as at June 2004



PM = Program Manager



GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT INDEPENDENT PRICING AND REGULATORY TRIBUNAL

To Members of the New South Wales Parliament

### Audit Opinion

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

- (a) presents fairly the Tribunal's financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with sections 41 B of the *Public Finance and Audit Act 1983* (the Act).

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

### The Tribunal's Role

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

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

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

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Independent Pricing and Regulatory Tribunal,
- that the Independent Pricing and Regulatory Tribunal has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

### Audit Independence

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

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

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

A. Oyetunji CPA  
Assistance Director of Audit  
SYDNEY  
15 October 2004



INDEPENDENT PRICING AND REGULATORY TRIBUNAL  
OF NEW SOUTH WALES

STATEMENT ON BEHALF  
OF THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal of New South Wales as at 30 June 2004 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.

Handwritten signature of James Cox in blue ink.

James Cox  
A/Chairman

Handwritten signature of Cristina Cifuentes in blue ink.

Cristina Cifuentes  
Part-Time Member

13 October 2004

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Level 2, 44 Market Street Sydney NSW 2000. All correspondence to: PO Box Q290, QVB Post Office NSW 1230

Tel: (02) 9290 8400 Fax: (02) 9290 2061 Email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

ABN: 49 202 260 878



# Statement of financial performance

for the year ended  
30 June 2004

	Notes	Actual 2004	Budget 2004	Actual 2003
		\$'000	\$'000	\$'000
<b>Expenses</b>				
Operating expenses:				
Employee related	2(a)	7,310	7,301	5,938
Other operating expenses	2(b)	7,991	8,096	5,223
Maintenance		146	24	58
Depreciation	2(c)	294	200	189
<b>Total Expenses</b>		<b>15,741</b>	<b>15,621</b>	<b>11,408</b>
Less:				
<b>Retained Revenue</b>				
Sale of goods and services	3(a)	1,761	500	819
Investment income	3(b)	185	51	134
Grants and contributions	3(c)	8	0	3
Other revenue	3(d)	21	0	148
<b>Total Retained Revenue</b>		<b>1,975</b>	<b>551</b>	<b>1,104</b>
<b>Gain / (loss) on disposal of non-current assets</b>	4	<b>(23)</b>	<b>0</b>	<b>(16)</b>
<b>Net Cost of Services</b>	19	<b>13,789</b>	<b>15,070</b>	<b>10,320</b>
<b>Government Contributions</b>				
Recurrent appropriation	5	13,798	14,089	10,415
Capital appropriation	5	180	180	304
Acceptance by the Crown Entity of employee benefits and other liabilities	6	750	575	644
<b>Total Government Contributions</b>		<b>14,728</b>	<b>14,844</b>	<b>11,363</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES</b>		<b>939</b>	<b>(226)</b>	<b>1,043</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	15	<b>939</b>	<b>(226)</b>	<b>1,043</b>

The accompanying notes form part of these statements

# Statement of financial position

as at  
30 June 2004

	Notes	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	8	3,819	3,638	3,333
Receivables	9	564	699	920
Other	10	21	34	34
<b>Total Current Assets</b>		<b>4,404</b>	<b>4,371</b>	<b>4,287</b>
<b>Non Current Assets</b>				
Plant and Equipment	11	904	959	979
<b>Total Non-Current Assets</b>		<b>904</b>	<b>959</b>	<b>979</b>
<b>Total Assets</b>		<b>5,308</b>	<b>5,330</b>	<b>5,266</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	12	1,104	422	519
Provisions	13	766	693	650
Other	14	16	1,710	1,602
<b>Total Current Liabilities</b>		<b>1,886</b>	<b>2,825</b>	<b>2,771</b>
<b>Non-Current Liabilities</b>				
Provisions	13	93	129	89
Other	14	9	25	25
<b>Total Non-Current Liabilities</b>		<b>102</b>	<b>154</b>	<b>114</b>
<b>Total Liabilities</b>		<b>1,988</b>	<b>2,979</b>	<b>2,885</b>
<b>Net Assets</b>		<b>3,320</b>	<b>2,351</b>	<b>2,381</b>
<b>EQUITY</b>				
Accumulated Funds	15	3,320	2,351	2,381
<b>Total Equity</b>		<b>3,320</b>	<b>2,351</b>	<b>2,381</b>

The accompanying notes form part of these statements

# Statement of cash flows

for the year ended  
30 June 2004

	Notes	Actual 2004 \$'000	Budget 2004 \$'000	Actual 2003 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(6,874)	(6,813)	(5,393)
Other		(8,489)	(8,490)	(5,918)
<b>Total Payments</b>		<b>(15,363)</b>	<b>(15,303)</b>	<b>(11,311)</b>
<b>Receipts</b>				
Sale of goods and services		2,188	722	548
Interest received		161	51	90
Other		1028	435	750
<b>Total Receipts</b>		<b>3,377</b>	<b>1,208</b>	<b>1,388</b>
<b>Cash Flows from Government</b>				
Recurrent appropriation		13,798	14,089	12,001
Capital appropriation		180	180	304
Cash reimbursements from the Crown Entity		322	311	243
Cash transfers to the Consolidated Fund		(1,586)	0	(378)
<b>Net Cash Flow From Government</b>		<b>12,714</b>	<b>14,580</b>	<b>12,170</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	19	<b>728</b>	<b>485</b>	<b>2,247</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of Plant and Equipment		7	0	4
Purchases of Plant and Equipment		(249)	(180)	(523)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(242)</b>	<b>(180)</b>	<b>(519)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>				
Opening cash and cash equivalents		3,333	3,333	1,605
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	8	<b>3,819</b>	<b>3,638</b>	<b>3,333</b>

**Expenses and revenue**for the year ended  
30 June 2004

	Program 1	
	2004	2003
	\$'000	\$'000
<b>EXPENSES &amp; REVENUES</b>		
<b>Expenses</b>		
Operating Expenses:		
Employee related	7,310	5,938
Other operating expenses	7,991	5,223
Maintenance	146	58
Depreciation	294	189
<b>Total Expenses</b>	<b>15,741</b>	<b>11,408</b>
<b>Retained Revenue</b>		
Sale of goods and services	1,761	819
Investment income	185	134
Grants and contributions	8	3
Other revenue	21	148
<b>Total Retained Revenue</b>	<b>1,975</b>	<b>1,104</b>
Gain/(loss) on disposal of of Non-current assets	(23)	(16)
<b>NET COST OF SERVICES</b>	<b>13,789</b>	<b>10,320</b>
Government Contributions	14,728	11,363
<b>NET EXPENDITURE / (REVENUE) FOR THE YEAR</b>	<b>(939)</b>	<b>(1,043)</b>
<b>ADMINISTERED REVENUES</b>		
<b>Consolidated Fund</b>		
Electricity Retail Supplier Licences	573	752
Electricity Retail Distributor Licences	115	225
Gas Supplier Authorisations	1,057	1,425
Gas Reticular Authorisations	1,155	1,722
Gas Distributor Licences	1	1
Ggas Accreditation	69	0
Ggas Certificate Fees	1,091	0
Application Fees	0	6
<b>Total Administrated Revenues</b>	<b>4,061</b>	<b>4,131</b>

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

# Summary of compliance with financial directives

for the year ended  
30 June 2004

	2004				2003			
	Recurrent Appropriation	Expenditure/Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Original Budget Appropriation/ Expenditure</b>								
Appropriation Act	14,089	13,798	180	180	11,721	9,103	196	196
	<b>14,089</b>	<b>13,798</b>	<b>180</b>	<b>180</b>	<b>11,721</b>	<b>9,103</b>	<b>196</b>	<b>196</b>
<b>Other Appropriation/Expenditure</b>								
Treasurer's Advance	71	0	0	0	2,291	1,312	108	108
	<b>71</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,291</b>	<b>1,312</b>	<b>108</b>	<b>108</b>
<b>Total Appropriations/Expenditure (includes transfer payments)</b>	<b>14,160</b>	<b>13,798</b>	<b>180</b>	<b>180</b>	<b>14,012</b>	<b>10,415</b>	<b>304</b>	<b>304</b>
<b>Amount drawn down against Appropriation</b>		<b>13,798</b>		<b>180</b>		<b>12,001</b>		<b>304</b>
<b>Liability to Consolidated Fund</b>		<b>0</b>		<b>0</b>		<b>1,586</b>		<b>0</b>

## Notes to Summary of Compliance with Financial Directives

- (a) The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
- (b) The Liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriations" and the "Total Expenditure/Net claim on Consolidated Fund".
- (c) The net claim on Consolidated Fund is less than the original appropriation due to less than budgeted expenditure on Full Retail Competition and Greenhouse Gas Abatement Scheme.



# Notes accompanying and forming part of the **financial statement**

for the financial year ended  
30 June 2004

## **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Reporting Entity**

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

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

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

### **(b) Basis of Accounting**

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

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

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

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

The Tribunal is required to prepare its financial statements in accordance with Financial Reporting Code for Budget Dependent General Government Sector Agencies because it receives a direct appropriation in the annual Appropriation Act. Except for Plant and Equipment which is recorded at valuation, the

financial statements are prepared in accordance with the historical cost convention.

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

### **(c) Administered Activities**

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

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

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

### **(d) Revenue Recognition**

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

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

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

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

The liability is disclosed in Note 14 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year.

# Notes accompanying and forming part of the **financial statement**

for the financial year ended  
30 June 2004

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

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

## (iii) **Investment Income**

Interest revenue is recognised as it accrues.

## (e) **Employee Benefits and other provisions**

### (i) **Salaries and Wages, Annual Leave, Sick Leave and On-Costs**

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

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

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

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

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

Long service leave is measured on a present value basis. The liabilities that are expected to be settled more than twelve months after the reporting date is measured as the present value of the estimated future cash outflows to be made by employers in respect of services provided by employees up to the reporting date. The present value method is based on the remuneration rates on what the entity expects to pay at each reporting date for all employees with five or more

years of service. This means that where it is expected that employees will receive a pay rise after reporting date, the increased pay rate is used in determining the employee benefit liabilities.

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (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.

## (f) **Insurance**

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

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

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

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

## (h) **Acquisition of assets**

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could



# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

## (i) Plant and Equipment

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

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

Physical non-current assets are valued in accordance with the 'Guidelines for the valuation of Physical Non-current Assets at Fair Value' (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002.

For all plant and equipment, the Tribunal uses depreciated historical cost as a surrogate for fair value. These assets have short useful lives. This policy is consistent with TPP 03-02.

The Tribunal is a not for profit entity with no cash generating units.

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

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

Depreciation Rates	% Rate
Computer Equipment and Software	25.00%
General Plant and Equipment	14.29%
Fixtures and Fittings	10.00%

Leasehold improvements over the lesser of the period of lease or the useful life of the improvements

## (l) Maintenance and Repairs

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

## (m) Leased Assets

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

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

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

## (n) Receivables

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

## (o) Other Assets

Other assets including prepayments are recognised on a cost basis.

## (p) Payables

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

## (q) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for effect of additional appropriations, s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts (rather than carried forward estimates).

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 2. EXPENSES

### (a) Employee Related Expenses

	2004	2003
	\$'000	\$'000
Salaries and wages (including recreation leave)	6,164	4,956
Superannuation	426	357
Payroll tax on superannuation	26	21
Long service leave	298	266
Workers compensation insurance	32	49
Payroll and fringe benefits tax	364	289
	<b>7,310</b>	<b>5,938</b>

Employee related expenses includes \$55,566 (2002/03 \$52,822) in payments to temporary members of the Tribunal. There was no employee related expense included in maintenance expense and/or capitalised.

### (b) Other operating expenses

	2004	2003
	\$'000	\$'000
Auditor's remuneration (audit of the financial reports)	25	24
Operating lease rental expense - minimum lease payments	476	413
Insurance	13	8
Corporate services	225	188
Consultancies and contractors	4,340	2,946
Travel expenses	86	83
EDP expenses	838	553
Legal fees	1,020	202
Other operating expenses	968	806
	<b>7,991</b>	<b>5,223</b>

### (c) Depreciation

	2004	2003
	\$'000	\$'000
Plant and Equipment	294	189
	<b>294</b>	<b>189</b>

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 3. Revenues

	2004	2003
	\$'000	\$'000
<b>(a) Sale of goods and services</b>		
Rendering of services (reimbursement of both external consultancies and in-house costs)	1,761	819
	<b>1,761</b>	<b>819</b>
<b>(b) Investment income</b>		
Interest	185	134
	<b>185</b>	<b>134</b>
<b>(c) Grants and contributions</b>		
Budget sector entities	8	3
	<b>8</b>	<b>3</b>
<b>(d) Other revenue</b>		
Lease incentive amortisation	16	16
Conferences	0	116
Other	5	16
	<b>21</b>	<b>148</b>

## 4. Gain/(loss) on disposal of non-current assets

	2004	2003
	\$'000	\$'000
Proceeds from disposal	7	4
Written down value of assets disposed	(30)	(20)
	<b>(23)</b>	<b>(16)</b>



# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 5. Appropriations

	2004	2003
	\$'000	\$'000
<b>Recurrent appropriations</b>		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	13,798	12,001
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	1,586
	<b>13,798</b>	<b>10,415</b>
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	13,798	10,415
	<b>13,798</b>	<b>10,415</b>
<b>Capital appropriations</b>		
Total capital drawdowns from Treasury (per Summary of Compliance)	180	304
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0
	<b>180</b>	<b>304</b>
Comprising:		
Capital appropriations (per Statement of Financial Performance)	180	304
	<b>180</b>	<b>304</b>

## 6. Acceptance by the Crown Entity of employee benefits and other liabilities

	2004	2003
	\$'000	\$'000
The following liabilities and / or expenses have been assumed by the Crown Entity.		
Superannuation	426	357
Long service leave	298	266
Payroll tax	26	21
	<b>750</b>	<b>644</b>

## 7. Programs/activities of the Independent Pricing and Regulatory Tribunal

### Program 1 - Pricing Regulation

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

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 8. Current assets - cash

	2004	2003
	\$'000	\$'000
Cash at bank and on hand	3,819	3,333
	<b>3,819</b>	<b>3,333</b>

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

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

Cash (per Statement of Financial Position)	3,819	3,333
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>3,819</b>	<b>3,333</b>

## 9. Current assets - receivables

	2004	2003
	\$'000	\$'000
Sale of goods and services	282	709
Interest receivable	104	80
GST receivable from Australian Taxation Office	97	119
Other	81	12
	<b>564</b>	<b>920</b>

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

## 10. Current assets - other

	2004	2003
	\$'000	\$'000
Prepayments	21	34
	<b>21</b>	<b>34</b>

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 11. Non-current assets - plant and equipment

	2004	2003
	\$'000	\$'000
<b>Plant and Equipment</b>		
At Fair Value	1,798	1,720
Less: Accumulated Depreciation	894	741
	<b>904</b>	<b>979</b>
<b>Total Plant and Equipment at Net Book Value</b>	<b>904</b>	<b>979</b>

### Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year are set out below.

	2004
	\$'000
<b>Plant and Equipment</b>	
Carrying amount at start of year	979
Additions	249
Disposals	(171)
Writeback on Disposals	141
Depreciation expense	(294)
<b>Carrying amount at end of year</b>	<b>904</b>

## 12. Current liabilities - payables

	2004	2003
	\$'000	\$'000
Accrued salaries, wages and on-costs	57	169
Creditors	1,047	350
	<b>1,104</b>	<b>519</b>

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## **13. Current/non current liabilities - provisions**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	673	602
Long service leave on-costs	93	48
	<b>766</b>	<b>650</b>
<b>NON CURRENT</b>		
<b>Employee benefits and related on-costs</b>		
Long service leave on-costs	93	89
	<b>93</b>	<b>89</b>
<b>Total Provisions</b>	<b>859</b>	<b>739</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions - current	766	650
Provisions - non-current	93	89
Accrued salaries, wages and on-costs (Note 12)	57	169
<b>Total</b>	<b>916</b>	<b>908</b>

## **14. Current liabilities - other**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Liability to Consolidated Fund	0	1,586
Lease incentive	16	16
	<b>16</b>	<b>1,602</b>
<b>Non-Current</b>		
Lease incentive	9	25
	<b>25</b>	<b>1,627</b>



# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 15. Changes in equity

	2004	2003
	\$'000	\$'000
<b>Accumulated Funds</b>		
Balance at the beginning of the financial year	2,381	1,338
Changes in equity-transactions with owners as owners	0	0
Changes in equity-other than transactions with owners as owners	0	0
Surplus / (deficit) for the year	939	1,043
<b>Balance at the end of the financial year</b>	<b>3,320</b>	<b>2,381</b>

## 16. Commitments for expenditure

	2004	2003
	\$'000	\$'000
<b>(a) Capital Commitments</b>		
Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:		
Not later than one year	0	20
<b>Total (including GST)</b>	<b>0</b>	<b>20</b>
<b>(b) Other Expenditure Commitments</b>		
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:		
Not later than one year	325	42
<b>Total (including GST)</b>	<b>325</b>	<b>42</b>
<b>(c) Operating Lease Commitments</b>		
Office accommodation lease for levels 2 and 6, 44 Market Street Sydney expiring in January 2008.		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	523	470
Later than one year and not later than five years	2,029	2,341
Later than five years	0	71
<b>Total (including GST)</b>	<b>2,552</b>	<b>2,882</b>

The total Commitments other expenditure above includes input tax credits of \$232,000 that are expected to be recoverable from the Australian Taxation Office.

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## **17. Contingent liabilities and contingent assets**

### Contingent liabilities

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

### Contingent Assets

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

## **18. Budget review**

### Net Cost of Services

The overall net cost of services of \$13.789m was \$1.281m below budget. This was mainly due to higher than budgeted revenue of \$1.761m for sale of goods and services (\$1.261m above budget) which related to user charges and recoveries.

### Assets and Liabilities

#### Current Assets:

Total current assets were \$33k above budget due to a combination of cash of \$3.330m finishing \$308k below budget. This was offset by receivables of \$1053k which were \$354k above budget.

#### Non Current assets:

Plant and Equipment was \$55k under budget mainly due to disposal of assets valued at \$30k (net value).

#### Current - Non Current Liabilities

Total liabilities were \$839k below budget mostly due to the repayment of liability to consolidated fund of \$1.586m relating to the 2002/03 financial year. Alternatively payables of \$1.104m were \$682k above budget.

### Cash Flows

Cash flows from operating activities were under budget by \$246k due to higher than anticipated revenue for user charges and recoveries to the value of \$1.466m. This was offset by cash transfers to consolidated fund of \$1.586m (2002/03 liability).

A firewall upgrade of computer hardware for \$57k was the main contributor to the \$62k higher than budgeted cash flow from investing activities.

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## 19. Reconciliation of cash flows from operating activities to net cost of services

	2004	2003
	\$'000	\$'000
<b>Net Cash from operating activities</b>	<b>728</b>	<b>2,247</b>
Cash Flows from Government/Appropriations	(14,300)	(12,548)
Acceptance by the Crown Entity of employee benefits and other liabilities	(428)	(401)
Depreciation	(294)	(189)
Net (loss)/gain on sale of plant and equipment	(23)	(16)
Decrease/(increase) in provisions	(120)	(113)
Increase/(decrease) in receivables and other assets	(369)	299
Decrease/(increase) in payables	(585)	(100)
Decrease/(increase) in other liabilities	1,602	501
<b>Net Cost of Services</b>	<b>(13,789)</b>	<b>(10,320)</b>

## 20. Administered assets and liabilities

	2004	2003
	\$'000	\$'000
<b>Administered Assets</b>		
Cash	1,917	0
Receivables	1,525	3,536
<b>Total Administered Assets</b>	<b>3,442</b>	<b>3,536</b>
<b>Administered Liabilities</b>		
Liability to Consolidated Fund	3,442	3,536
<b>Total Administered Liabilities</b>	<b>3,442</b>	<b>3,536</b>

## 21. Administered revenue-schedule of uncollected amounts

	2004	2003
	\$'000	\$'000
<b>Electricity/Gas Supplier Licences and Authorisations</b>		
Not later than one year	1,525	3,536
	<b>1,525</b>	<b>3,536</b>

# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

## **22. Financial instruments**

### **Cash**

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

The average rate over the year was 4.06% (3.75% in 2002/03) and at year end the rate was 4.25% (3.75% at 30 June 2003).

### **Receivables**

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

### **Bank Overdraft**

The Tribunal does not have any bank overdraft facility.

### **Trade Creditors and Accruals**

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced.

Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

No interest was applied during the year (nil in 2002/03).

## **23. Adopting AASB 1047 disclosure**

### **(a) Explanation of how the transition to AIFRS is being managed**

The agency will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The agency is managing the transition to the new standards by allocating internal resources and engaging Central Corporate Services Unit (CCSU) to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the agency has taken the following steps to manage the transition to the new standards:

The CCSU's Internal Audit Committee is overseeing the transition. The Agency Representative is responsible for the project in their respective agencies and reports regularly to the Committee on progress against the plan.

The following phases that need to be undertaken have been identified:

- ▼ May/July 2004 – Reviewing the AIFRS.
- ▼ August 2004 – Identifying the changes applicable for each agency and disclose likely impacts of moving to AIFRS in 2004 financial statements.
- ▼ September 2004 – Major implementation decisions at high level, determine system requirements, review procedures, develop communication plans and assess training requirements.
- ▼ October 2004 – Analyse NSW Treasury reporting policy, review position of individual agency, identify and convert to requirements and liaise with Audit Office.
- ▼ November 2004 – Prepare draft opening Balance Sheet for the NSW Treasury, identify target changes/analysis, develop check lists, review process, liaise with clients and external consultants to review the approach.
- ▼ December 2004 – Submit draft opening Balance Sheet as at 1 July 2004 prepared under AIFRS (in parallel with existing AGAAP financial information



# Notes accompanying and forming part of the **financial statement**

for the year ended  
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and financial statements) to the NSW Treasury and Audit Office.

- ▼ January/February 2005 – Finalise status for reporting to NSW Treasury and complete client requirements.
- ▼ March 2005 – Finalise audit by the Audit Office, record correct balances in Agencies ledgers, run parallel data, reconcile both sets of figures and develop processes for on going recording and updating training program. Submit final opening Balance Sheet as at 1 July 2004 prepared under AIFRS (in parallel with existing AGAAP financial information and financial statements) to the NSW Treasury and Audit Office.
- ▼ April/June 2005 – Modify the systems used to produce year end financial statements.
- ▼ July/August 2005 – Prepare initial set of financial statements for 2004/05 financial year under AIFRS with 2003/04 comparative information and review.

To date, we have reviewed the known changes and identified some common changes. The target dates shown above are only estimates because the AIFRS are still being issued and mandatory provisions have not been finalised by the NSW Treasury.

## (b) Key Differences in Accounting Policies

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

- ▼ AASB 117 Leases requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.

- ▼ AASB 119 Employee Benefits requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.

- ▼ AASB 120 Accounting for Government Grants and Disclosure of Government Assistance applies to for-profit entities only. Entities will either apply the current AASB 120 or early adopt a revised AASB 120, based on the grant requirements in AASB 141 Agriculture. The current AASB 120 spreads income recognition over the period necessary to match related costs. A revised AASB 120 based on AASB 141 is likely to require revenue recognition when conditions are satisfied. Both of these alternatives may have the effect of delaying revenue recognition.

- ▼ AASB 1004 Contributions applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

- ▼ AASB 136 Impairment of Assets requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy Valuation of Physical Non-Current Assets at Fair Value.

- ▼ AASB 138 Intangibles requires that all research costs must be expensed and restricts capitalisation of development costs. Some previously recognised internally generated intangible assets may need to be derecognised. Further, intangibles assets can only be revalued where there is an active market, which is unlikely to occur. As a result, it is likely



# Notes accompanying and forming part of the **financial statement**

for the year ended  
30 June 2004

that any revaluation increments will need to be derecognised and intangible assets recognised at cost.

The standard also includes stricter rules for the adoption of hedge accounting, and where these are not satisfied, movements in fair value will impact the income statement.

To achieve full harmonisation with GFS, entities would need to designate all financial instruments at fair value through profit or loss. However, at this stage it is unclear whether this option will be available under the standard and, if available, whether Treasury will mandate this option for all agencies.

- ▼ AASB 140 Investment Property requires investment property to be measured at cost or fair value. NSW Treasury is likely to mandate the adoption of fair value. In contrast to current treatment as an asset classified within property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement.

NSW Treasury is likely to mandate that any investment property interest held by a lessee under an operating lease should be classified and accounted for as investment property. Previously such operating lease payments were accounted for as an expense over the lease term based on the pattern of benefits.

## **24. After balance date events**

There were no events occurring after reporting date requiring disclosure.

(END OF AUDITED FINANCIAL STATEMENTS)

## Metropolitan Water

- ▼ Section 12 Investigation into pricing structures to reduce demand for water in the Sydney Basin
- ▼ Price Determination for Metropolitan Water Agencies to apply from 1 July 2005: Sydney Water Corporation, Hunter Water Corporation, Sydney Catchment Authority, Gosford City Council, Wyong Shire Council

## Bulk Water

- ▼ Price determination to apply from 1 July 2005

## Water Licensing

- ▼ Annual Audit of the Operating Licences for Sydney Water Corporation, Sydney Catchment Authority and Hunter Water Corporation for 2002/03
- ▼ Term Review of the Operating Licences of Sydney Water Corporation and Sydney Catchment Authority. New Licences are to apply from 1 January 2005
- ▼ Review of the Interim Licence for State Water Corporation

## Transport

- ▼ Review Aspects of Rail Infrastructure Corporation's rail access prices (as per amended Rail Access Regime)
- ▼ NSW Taxi Fares for 2004/05
- ▼ Determine annual prices for State Transit Authority, Sydney Ferries and Private Buses
- ▼ Determine annual prices for CityRail
- ▼ Determine Key Parameters for application in the NSW Rail Access Regime
- ▼ Register Rail Access Agreements – Ongoing
- ▼ Rail access arbitrations

## Other

- ▼ Valuation Office – Investigation and report on competitive neutrality complaint
- ▼ Valuer General – determine charges to local councils for providing evaluation service

## Energy

- ▼ Monitor Compliance with current electricity determinations
- ▼ Joint Review of Metrology Procedures with other jurisdictional Regulators
- ▼ Price and Service Report for NSW Distribution Network Service Providers
- ▼ Continue 6 monthly reporting for those licence holders supplying consumers in the “small customer” market (annual bill less than \$16,000)
- ▼ Review of Country Energy's and AGLGN's revised arrangements for access to the gas network in and around Wagga Wagga and the remainder of NSW respectively
- ▼ Chair working group on implementation of demand management and associated issues under the gas network access determination
- ▼ Annual Licence Compliance report

## Analysis and Policy

- ▼ Household Survey – energy research report
- ▼ Review of Rental arrangements for Crown Land Communication Tower Sites in NSW
- ▼ National Parks and Wildlife Services – review of Perisher infrastructure services
- ▼ Rate of return applicable to Rail Access Regime
- ▼ Review of charges and revenue for the NSW Ambulance Service

## Greenhouse Gas Abatement Scheme

- ▼ Accredite outstanding projects from Applicants
- ▼ Audit panel – feedback workshop and auditor training
- ▼ Rule changes and regulation changes
- ▼ Finalise framework for accrediting carbon sequestration projects
- ▼ Develop frameworks for accrediting future projects
- ▼ Revise Audit Guidelines and develop audit strategy
- ▼ Develop compliance policy
- ▼ Report to Minister on Compliance with Scheme June 2005

# Outline budget

## for 2004/2005

### Budgeted Operating Statement

	2004/2005
	\$
<b>Employee Related Expenses</b>	<b>7,351,000</b>
<b>Repairs and Maintenance</b>	<b>145,000</b>
<b>Other Operating Expenses</b>	<b>8,867,000</b>
<b>Depreciation</b>	<b>200,000</b>
<b>TOTAL EXPENSES</b>	<b>16,563,000</b>
<b>TOTAL REVENUE</b>	<b>1,560,000</b>
<b>GAIN/(LOSS) ON DISPOSALS</b>	<b>0</b>
<b>NET COST OF SERVICES</b>	<b>15,003,000</b>
<b>Government Funding</b>	
Recurrent Allocation	13,990,000
Capital Allocation	180,000
Cash reimbursement from the Crown	320,000
Treasury Acceptance for Employee Related	310,000
<b>Total Government Funding</b>	<b>14,800,000</b>
<b>OPERATING RESULT</b>	<b>(203,000)</b>

*As part of its role as regulator of the electricity, gas, water and public transport industries in NSW, IPART approves the prices that service providers in these industries can charge. These price determinations affect both household and business costs.*

*Average household charges are 2% lower in 2003/04 than they were in 1992/93 in real terms including GST. NSW has some of the lowest regulated electricity prices in Australia and water prices have fallen 9 and 25% for Sydney and Hunter Water customers respectively, since 1992/93.*

The next section considers the impact of IPART's decisions by analysing the price impacts on residential and non residential customers.

## Price impacts on residential customers

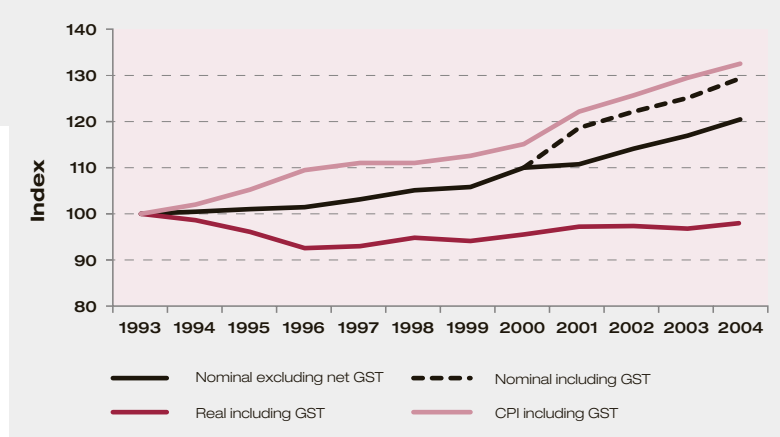
*Average household charges in 2003/04 were 2% lower than they were in 1992/93 in real terms, including GST. If the net impact of GST and the new tax system are excluded, household charges were 6% lower in real terms than in 1992/93.*

To monitor the impact of its price determinations on households, IPART introduced an index of household charges in 1993. This index measures the impact of charges that IPART regulates on an average household, using Australian Bureau of Statistics (ABS) data on household expenditure to calculate the relative expenditure (weightings) for electricity, gas, water and public transport (rail and bus/ferries).<sup>3</sup>

In 2003/04, households paid on average 4% more for electricity, gas, water, sewerage and public transport in nominal terms than they did in 2002/03. This increase is somewhat higher than the increase in the Consumer Price Index (CPI) so that average household charges rose by roughly 1.5% in real terms. The reasons for real price increases lie in the emergence of cost pressures, notably in the electricity and water businesses. The factors affecting each service are discussed in more detail below.

An overview of changes in residential prices between 2002/03 and 2003/04 in each industry IPART regulates is provided below.

**Figure 1:** Composite index of household charges from 1992/93 to 2003/04



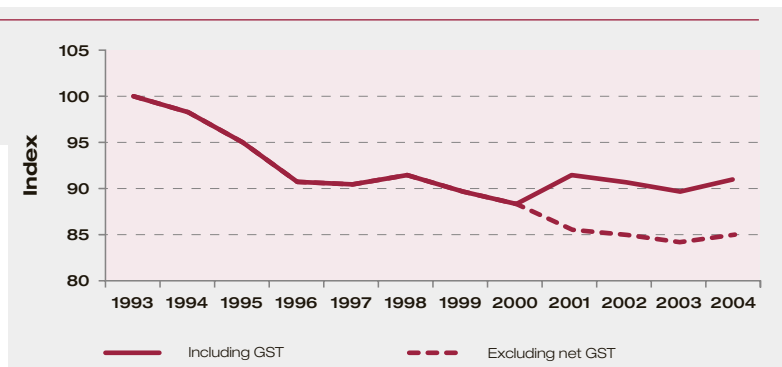
<sup>3</sup> The weightings from the 1998 Household Expenditure survey are as follows: electricity 51%, water 23%, gas 8% and public transport 18%.

## Electricity

Full retail contestability was introduced into the residential retail market on 1 January 2002. However, small customers who have not switched to a contestable tariff remain on a regulated default tariff. The average price paid by residential customers on the regulated default tariff increased by about 4% between 2002/03 and 2003/04 in nominal terms, which means they increased by roughly 1.5% in real terms.

The index of household electricity charges (Figure 2) shows that average regulated electricity prices in NSW fell by 9% (including GST) over the period 1992/93 to 2003/04, with most of the decreases occurring during the first three years. These decreases were mainly due to rapid growth in electricity sales at a time of excess capacity in the generation sector. The agencies also achieved improvements in operating efficiency during the period.

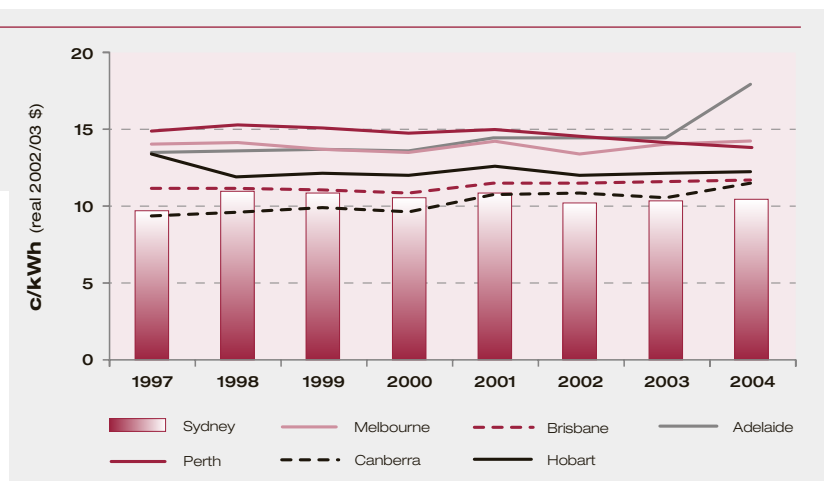
**Figure 2:** Index of residential electricity prices 1992/93 – 2003/04 (real)



Cost pressures have begun to emerge in recent years as the excess generation capacity has been used up, and as the scope for improved operating efficiency has reduced. In addition, there is a growing need for capital expenditure to replace ageing infrastructure and cope with new patterns of demand, in particular, peak load demand due to the growing use of air conditioners. The increase in 2000/01 in the prices paid by households was due to the introduction of the GST.

Regulated electricity prices in NSW are amongst the lowest in Australia. Figure 3 shows that prices for a typical residential customer in Sydney are lower than in the capital cities of the other states.

**Figure 3:** Inter-state comparison of residential electricity prices in capital cities, 1996/97 – 2003/04 (real)



**Note:** Prices calculated for 7,500 kWh per year consumption on a combined standard domestic and off-peak tariff, with 2,000 kWh consumed off-peak (5,000 kWh off-peak for Tasmania). Prices include GST.

**Source:** "Electricity Prices in Australia 2003/04". Electricity Supply Association of Australia.

## Metropolitan Water

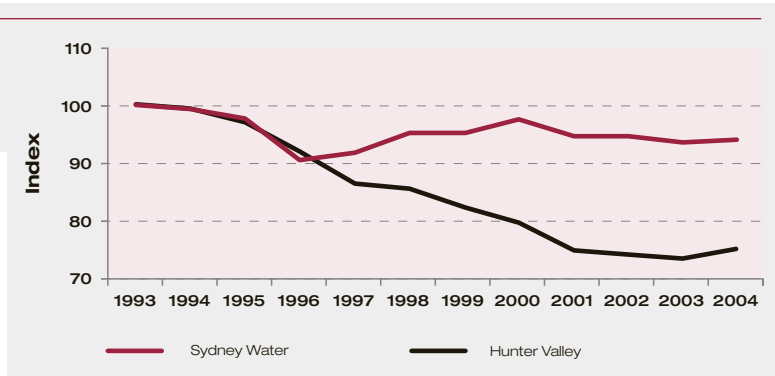
A residential customer of Sydney Water Corporation using 220kL of water per year experienced a real increase of less than 1% in the water and sewerage bill between 2002/03 and 2003/04. A similar customer in Hunter Water Corporation's supply area paid 2% more in real terms in 2003/04 compared to the previous year.

Despite real price increases in 2003/04, prices are still significantly lower than they were in 1992/93. A Sydney Water Corporation customer paid 9% less for water and sewerage services in 2003/04 than in 1992/93 in real terms. A Hunter Water Corporation customer paid a full 25% less.



**Figure 4:** Index of residential water and sewerage charges 1992/93 – 2003/04 (real)

The early reductions in the Sydney Water Corporation price index coincided with a period of relatively low capital expenditure combined with gains in operating efficiency. The price reductions were achieved mainly by eliminating the special environmental levy in 1993/94 and the residential property-based charge in 1996/97. Capital expenditure has however increased significantly since 1998, due to ageing infrastructure and for environmental reasons (eg improvements to the sewerage system to reduce overflows and stormwater infiltration).



During the period under review, Hunter Water Corporation achieved significant operating cost efficiencies. These efficiency gains, combined with comparatively limited pressure for increased capital expenditure have, until recently, allowed real prices to fall.

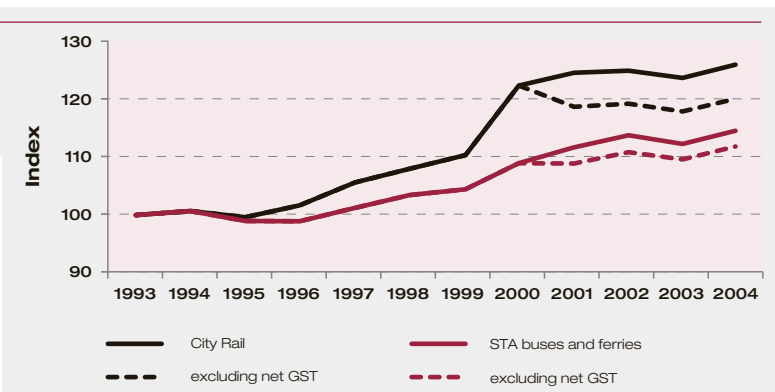
## Public transport

In contrast to water and electricity prices, public transport prices have risen consistently since 1992/93. Train passengers pay on average 26% more now than in 1992/93, while bus and ferry commuters pay on average 15% more in real terms (including GST).

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

**Figure 5:** Index of public transport prices 1992/93 – 2003/04 (real)

Bus and train fares rose by an average of 5% on 1 August 2003, and fares for ferries rose by 7.5% (nominal). In setting these increases the Tribunal aimed to balance the competing concerns of the agencies and their customers. In particular, the Tribunal sought to arrest the recent decline in cost recovery levels



without placing excessive pressure on passengers. The higher increase in ferry prices is partly in recognition of the additional costs involved in implementing the recommendations of the Waterways Authority<sup>4</sup>.

<sup>4</sup> Waterways Authority, "Review of Operations of Sydney Ferries", August 2001.

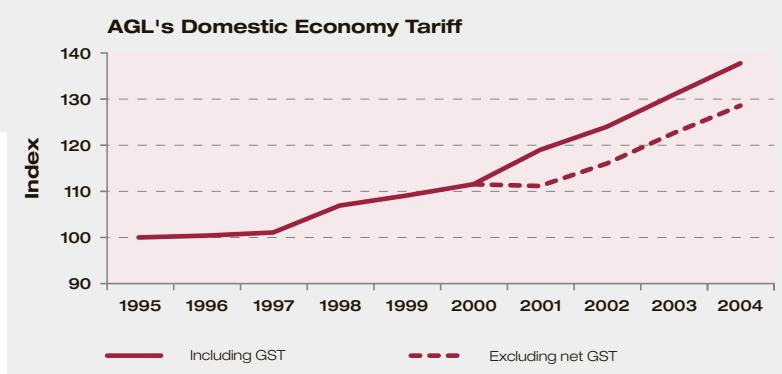
## Gas

IPART took over the regulation of gas prices in 1995/96. The gas index shown in Figure 6 is calculated for an AGL gas customer using 25,000MJ of gas per year.<sup>5</sup> This customer will pay 37% more for gas in 2003/04 compared to the amount paid in 1994/95 (including GST).

**Figure 6:** Index of residential gas prices for AGL customers 1995/96 – 2002/03 (real)

**Note:** Prices are calculated for a customer on AGL's domestic economy (Everytime Plus) tariff and using 25 GJ of gas per year.

The increases for residential customers to 2002/03 are primarily due to the elimination of the previous cross-subsidy of residential customers by non-residential users with the introduction of third party access to gas networks. The introduction of GST in 2000/01 was responsible for the price increase in that year. The 6.8% nominal increase in 2003/04, or 4.4% real increase, was due to various increases in the cost of supply.



## Price impacts on non-residential customers

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

## Electricity

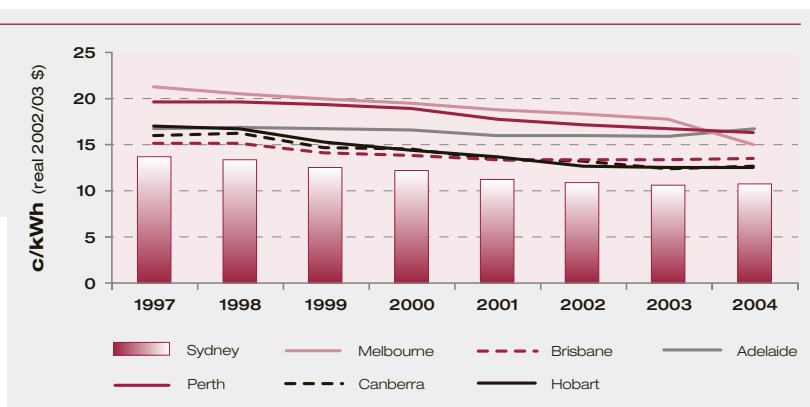
Retail contestability has progressively been introduced in the NSW electricity market since 1996, and IPART no longer regulates most non-residential tariffs. Business customers with consumption of less than 160 MWh per year can however still choose to remain on the default tariff, which is regulated.

IPART regulates all network distribution charges which, on average, comprise 30 – 60% of the final retail tariff.

**Figure 7:** Inter-state comparison of regulated electricity prices for small businesses in capital cities, 1996/97 – 2003/04 (real)

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

**Source:** Electricity Prices in Australia 2003/04. Electricity Supply Association of Australia.



<sup>5</sup> In 2003/04, the customer moves from the 'Everytime Plus' tariff onto 'EverytimeValue' tariff as recommended by AGL for customers with consumption exceeding 15,400MJ per year.

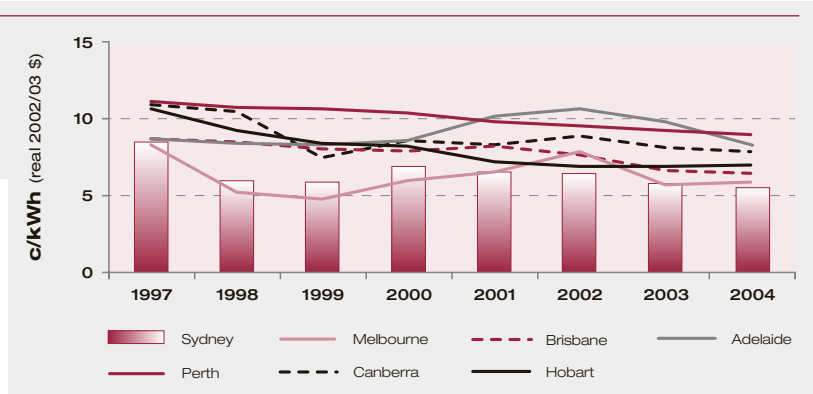
Regulated prices for small businesses, as measured by the Electricity Supply Association of Australia (ESAA), are lower in Sydney than in the capital cities of the other states. Prices in NSW and the other states have fallen in real terms since 1996/97 (excluding GST)<sup>6</sup>. Real prices rose slightly in most states in 2003/04, with prices in NSW increasing by about 2%. The main exception to this is Victoria, where prices fell by about 15% (real).

As measured by the ESAA, contestable tariffs for large businesses in Sydney are currently amongst the lowest in Australia (Figure 8). The trends in NSW have generally followed the trends in the other capital cities since 1996/97, and prices in 2003/04 are lower, in real terms, than they were in 1996/97.

**Figure 8: Inter-state comparison of electricity prices for large businesses in capital cities, 1996/97 – 2003/04 (real)**

**Note:** Prices calculated for 2,500 kW demand with 60% load factor or consumption of 13,140 MWh per year. Prices exclude GST.

**Source:** Electricity Prices in Australia 2003/04. Electricity Supply Association of Australia.



## Metropolitan Water

Prices for non-residential customers of water and wastewater services fell substantially between 1992/93 and 2003/04. For example:

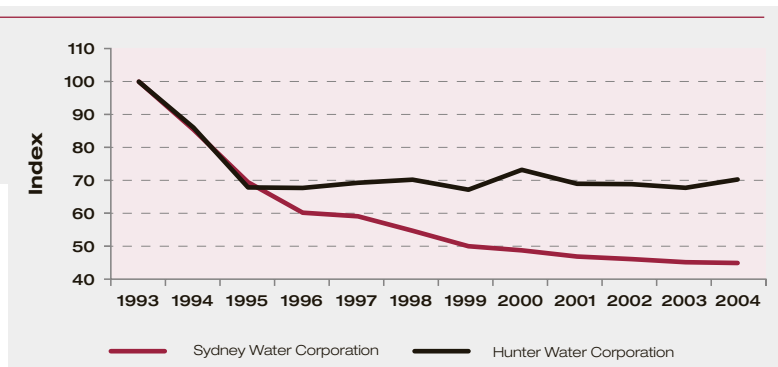
- ▼ Sydney Water Corporation non-residential customers now pay on average 43% per kL of metered water purchased of what they paid in 1992/93, in real terms.
- ▼ Hunter Water Corporation non-residential customers pay 69% per kL of metered water purchased of what they paid in 1992/93, in real terms.

This change is largely due to the reduction or elimination of property-based charges. Hunter Water Corporation's property based charges were eliminated in 1994/95 while Sydney Water Corporation's charges will be eliminated on 1 July 2004. The reductions in average prices have been achieved without real increases in residential bills, and have reduced the burden of water costs on non-residential users.

Sydney Water Corporation's non-residential customers experienced a small decrease in real prices between 2002/03 and 2003/04, largely due to the reduction of property based charges. Average revenue per kL for Hunter Water Corporation's customers, on the other hand, increased slightly in real terms, mainly due to a relatively large increase in revenue from trade waste charges and a small real increase in the water usage price.

**Figure 9: Index of real water and wastewater charges for non-residential customers 1992/3 – 2001/02**

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



<sup>6</sup> ESAA excludes GST from its comparison of business prices because the GST paid is recovered by the businesses.

## Gas

Retail contestability has been progressively introduced into the gas market since 1997, and all gas retail services have been contestable since 1 July 2000<sup>8</sup>. IPART regulates 'safety net' retail tariffs for the majority of households and small business customers in NSW. It does not regulate retail tariffs for customers using more than 1 TJ per annum.<sup>9</sup>

IPART also approves network charges as part of access arrangements.<sup>10</sup> Network charges comprise 30-50% of 'safety net' retail tariffs.

AGL Gas Networks' network charges have fallen in real terms over the course of the current access arrangement for all customers. Very large, or "contract" customers<sup>11</sup> have experienced the greatest fall in prices since IPART became responsible for approving the access arrangements in 1996. For example, by 2003/04 AGL Gas Networks' contract prices were 29% of prices in 1995/96 in real terms, excluding GST.<sup>12</sup> Prices remained virtually unchanged in real terms between 2001/02 and 2003/04.

**Figure 10:** Index of real gas network (contract) prices 1995/06 – 2003/04 (excluding GST)

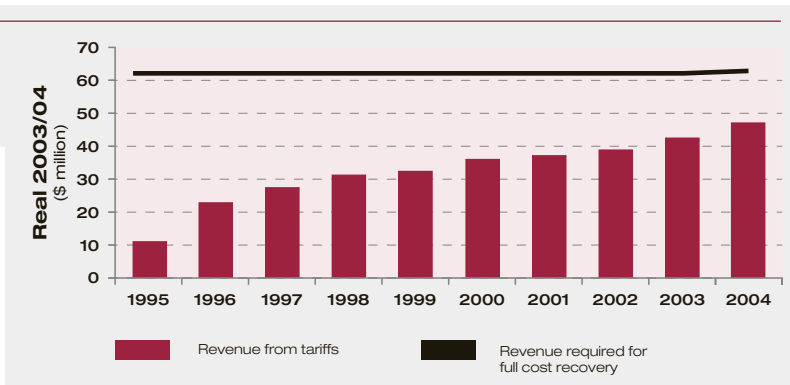


## Bulk water

Bulk water prices continued to increase in 2003/04, with the ongoing implementation of the 'user pays' principle and the need to ensure prices fully reflect delivery costs. Figure 11 shows that, if water usage remained at the long-term average, revenue from bulk water tariffs would have increased from \$11 million in 1994/95 to \$43 million in 2002/03 and to \$47 million in 2003/04, expressed in real 2003/04 dollar values. Due to the drought, however, actual revenue in 2003/04 will be well below this level.

A target level of revenue for full cost recovery of \$64 million (in 2003/04 prices) was determined during the 2001 determination. Revenue calculated on the basis of long-term average sales volumes will recover 74% of this target revenue in 2003/04. This is a substantial increase since 1994/95, when revenue from long-term average sales would have recovered only 18% of this target revenue. Average prices increased by about 9% between 2002/03 and 2003/04 in real terms, increasing the level of cost recovery by 5%.

**Figure 11:** Actual and target revenue from bulk water tariffs 1994/95 – 2003/04 (real)



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

9 Consumption of 1 TJ of gas equates to a yearly bill of approximately \$12,500.

10 IPART currently approves access arrangements for AGL Gas Networks and Country Energy Gas under the National Gas Code.

11 Contract customers are those whose gas consumption is equal to or greater than 10 TJ a year.

12 Price changes are shown excluding GST because GST on inputs is reclaimed by business customers.



# Legislative provisions

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

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

## Independent Pricing and Regulatory Tribunal Act 1992

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

- ▼ Regulating prices and reviewing pricing policies of government monopoly services
- ▼ Undertaking reviews referred to it in relation to industry, pricing or competition
- ▼ Arbitrating access disputes in relation to public infrastructure access regimes
- ▼ Registering access agreements
- ▼ Regulating water, electricity and gas licences
- ▼ Investigating complaints under the competitive neutrality regime.

### Regulating prices and reviewing pricing policies

IPART conducts investigations and makes reports to the Minister on the determination of the pricing for a specified government monopoly service supplied by a government agency and also conducts periodic reviews of the pricing policies of specified government monopoly services.

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

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

There are two main ways in which IPART's investigations may be initiated. The first is by standing references. Schedule 1 of the Act lists a number of government agencies for which IPART has a standing reference. Under Section 11, IPART may initiate investigations of declared monopoly services supplied by these standing reference agencies.

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

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

The second is by references by the Premier. Under Section 12 of the Act, the Premier may require IPART to determine the maximum price or carry out a review of any declared service, including those supplied by standing reference agencies. The terms of any reference by the Premier must be advertised, and the final terms of reference must be settled with the Premier following consideration of public comments. IPART may ask the Premier to make a particular reference under these provisions.

# Appendix 1

## Legislative provisions

continued

### Public participation and access to information

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

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

IPART must make a document available for inspection on request unless the document is an exempt document under the *Freedom of Information Act 1989* (Section 22A). If a document is exempt, IPART has discretion to release it following consultation, and if satisfied that it will not damage commercial or other interests.

### Matters IPART must consider

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

- ▼ the cost of providing the services concerned
- ▼ protection of consumers from abuses of monopoly power
- ▼ an appropriate rate of return
- ▼ the effect on general price inflation
- ▼ the need for greater efficiency
- ▼ the need to maintain ecologically sustainable development
- ▼ the impact on pricing of borrowing, capital and dividend requirements
- ▼ the impact on pricing policies of any arrangements that the agency concerned has entered into for the

exercise its functions by some other person or body

- ▼ the need to promote competition
- ▼ considerations of demand management
- ▼ the social impact of the determinations or recommendations
- ▼ standards of quality, reliability and safety.

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

### How IPART sets maximum prices

IPART may set maximum prices in either of two ways. The first is by determining maximum prices. IPART may do this in any way it considers appropriate (Section 14), including fixing:

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

IPART may fix such a price by reference to:

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

The second way is by establishing a methodology for determining maximum prices. If IPART considers that it is impracticable to make a determination for fixing the maximum prices, under Section 14A it may determine a methodology to be used by the agency to fix the maximum price. Setting a methodology may include reference to maximum revenue, or maximum rate of increase or decrease in maximum revenue for a number of categories of the service concerned.

In determining the maximum price for a government monopoly service, IPART may be directed by a Portfolio Minister to include an amount representing the efficient cost of complying with a Ministerial directive or a requirement imposed under a licence, authorisation or under a statutory instrument on the agency (Section 16A).



### Implementation of maximum prices

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

### Compliance

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

### Release of reports and determinations

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

### Reviewing industries, pricing or competition

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

### Providing assistance to other agencies

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

### Arbitrating access disputes

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

### Registering access agreements

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

### Regulating licences

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

Under its powers contained in the ancillary Acts (*Electricity Supply Act 1995*, *Gas Supply Act 1996*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Sydney Water Catchment Management Act 1998*, *State Water Corporation Act 2004*), IPART is responsible for matters such as making recommendations to the Minister for or with respect to:

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

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

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

# Appendix 1

## Legislative provisions

continued

### Investigating complaints under competitive neutrality regime

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

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

### Gas Supply Act 1996

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

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

Any gas pricing order applicable to the delivered price of gas in a particular area applies to all retailers serving that area.

If gas suppliers are aggrieved with IPART's determination, they may request a review of pricing orders by a Review Panel appointed by the Minister for Energy.

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

### National Gas Code

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

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

### Electricity Supply Act

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

The scheme for determining tariffs and charges is as follows:

- ▼ the Minister may give a reference as to the matter of a determination to IPART, or IPART may request a referral
- ▼ IPART is to investigate and report in accordance with the reference.

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



## Greenhouse Gas Abatement Scheme

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

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

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

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

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

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

## National Electricity Code

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

# Public Hearings and submissions

## Public hearings and workshops, 2003/04

During 2003/04, the Tribunal held 54 meetings, and hosted 3 public hearings, 5 public forums, 1 workshop and 1 stakeholder forum.

Mr James Cox, Acting Chairman, attended 52 of these meetings, the former Chairman, Dr Thomas Parry 30 meetings and Ms Cifuentes attended 52 meetings.

## Public hearings and workshops

Date	Investigation	Venue
<b>3-Jul-03</b>	Determination of Passenger Transport Fares from 1 September 2003 – Public Hearing	<b>Sydney</b>
<b>11-Jul-03</b>	Electricity Network – Meritec Total Cost Review Draft Report – Public Workshop	<b>Sydney</b>
<b>17-Jul-03</b>	Electricity Network – Non-DNSP presentations of their submissions to the 2004-2009 Review	<b>Sydney</b>
<b>29-Jul-03</b>	Electricity Network – Providing Incentives for service quality – Public Workshop	<b>Sydney</b>
<b>27-Aug-03</b>	Greenhouse Gas Abatement Scheme – Public Information Session	<b>Sydney</b>
<b>4-Dec-03</b>	Review of Regulated Retail Tariffs – Presentation by Retailers on their views at Public Forum	<b>Sydney</b>
<b>29-Jan-04</b>	Greenhouse Gas Abatement Scheme – Workshop for Registry End Users	<b>Sydney</b>
<b>19-Feb-04</b>	AGLGN Public Presentation on Proposed Revisions of Gas Access Arrangements	<b>Sydney</b>
<b>4-Mar-04</b>	Review of Regulated Retail Prices for Gas and Electricity – Public Hearing	<b>Sydney</b>
<b>18-Mar-04</b>	Electricity Network – Draft Determination – Public Workshop	<b>Sydney</b>
<b>25-Mar-04</b>	Investigation into Price Structures to Reduce the Demand for Water in Sydney Basin – Public Hearing	<b>Sydney</b>
<b>26-Mar-04</b>	CEG Public Presentation on Proposed Revisions of Gas Access Arrangements	<b>Sydney</b>
<b>1-Apr-04</b>	End of Term Review of Sydney Water Corporation's Operating Licence – Workshop	<b>Sydney</b>
<b>29-Apr-04</b>	MMA Public Presentation on draft Demand Reports for AGLGN and CEG Gas Access Arrangements	<b>Sydney</b>

## Public Hearings and submissions

continued

**Submissions to projects during 2003/04**

The Tribunal invited stakeholders and the public to make submissions to the projects in progress during 2003/04, and received a total of 673 submissions.

Closure date = day submissions close

Closure Date	Investigation	Submissions
23-May-03	Review of Guaranteed Customer Service Standards	12
25-Jul-03	Total Cost Review – Meritec Draft Report	5
2-Oct-03	2002/03 Operational Audit of Hunter Water Corporation	2
2-Oct-03	2002/03 Operational Audit of Sydney Water Corporation	3
05-Dec-03	Review of Rentals for Domestic Waterfront Tenancies in NSW	367
21-Jan-04	Providing Incentives for Service Quality in NSW Electricity Distribution	9
30-Jan-04	Review into Gambling Harm Minimisation Measures	66
30-Jan-04	AGLGN Associate Contract applications under the National Gas Code	3
27-Feb-04	Price Structures to Reduce the Demand for Water in the Sydney Basin	27
08-Apr-04	Review of Taxi Fares in NSW	7
09-Apr-04	Distribution Ring Fencing Guidelines – Waiver Applications	4
06-May-04	Review of Gas Access Arrangements submitted by AGL Gas Networks and Country Energy Gas	20
14-May-04	NSW Electricity Regulated Retail Tariffs 2004/05 to 2006/07	43
14-May-04	NSW Electricity Distribution Pricing 2004/05 to 2008/09	46
20-Aug-04	Review of Bus and Ferry Fares	5
15-Oct-04	End of Term Review of Operating Licences for SWC and SCA	26
15-Mar-04	Review of Centralised Monitoring System Fee	14
	The Determinants of Urban Residential Water Demand in Sydney, the Blue Mountains and Illawarra	14



# Appendix 3

## Publications

Release Date	Publication	Reference Number
<b>Electricity</b>		
<b>30-Jun-04</b>	Electricity distribution and retail licences - Compliance report for 2002-03 - Report to the Minister for Energy	<b>CP-14</b>
<b>10-Jun-04</b>	NSW Electricity Distribution Pricing 2004/05 to 2008/09 - Final Report	<b>OP-23</b>
<b>10-Jun-04</b>	NSW Electricity Distribution Pricing 2004/05 to 2008/09 - Final Determination	<b>Det04-2</b>
<b>10-Jun-04</b>	NSW Electricity Regulated Retail Tariffs 2004/05 to 2006/07 – Final Report and Determination	<b>Det04-1</b>
<b>10-Jun-04</b>	Review of Guaranteed Customer Service Standards and Operating Statistics - Final Recommendations - Report to the Minister	<b>OP-22</b>
<b>19-Feb-04</b>	Treatment of Demand Management in the Regulatory Framework for Electricity Distribution Pricing 2004/05 to 2008/09 - Draft Decision	<b>OP-20</b>
<b>9-Jan-04</b>	NSW Electricity Distribution Pricing 2004/05 to 2008/09 - Draft Report	<b>OP-18</b>
<b>9-Jan-04</b>	NSW Electricity Distribution Pricing 2004/05 to 2008/09 - Draft Determination	<b>OP-19</b>
<b>7-Oct-03</b>	Review into Guaranteed Customer Service Standards and Operating Statistics - Draft Recommendations	<b>DP68</b>
<b>3-Oct-03</b>	Review of Gas and Electricity Regulated Retail Tariffs - Issues Paper	<b>DP70</b>
<b>16-Sep-03</b>	2004 Electricity Distribution Review - Preliminary Analysis - Secretariat Discussion Paper	<b>DP66</b>
<b>5-Sep-03</b>	Draft Energy and Water Licence Compliance Policy	<b>OP-17</b>
<b>18-Jul-03</b>	Review of NSW Distribution Network Service Provider's Measurement and Reporting of Network Reliability - Prepared for IPART by PB Associates	<b>RP24</b>
<b>17-Jul-03</b>	Determining Sales Volumes for the 2004 Electricity Network Review	<b>DP65</b>
<b>3-Jul-03</b>	Inclining Block Tariffs for Electricity Network Services - Secretariat Discussion Paper	<b>DP64</b>
<b>Water</b>		
<b>02-Jul-04</b>	Review of Metropolitan Water Agency Prices from 1 July 2005 - Issues Paper	<b>DP75</b>
<b>27-Apr-04</b>	Residential water use in Sydney, the Blue Mountains and Illawarra – Results from the 2003 household survey	<b>RP26</b>
<b>27-Apr-04</b>	The determinants of urban residential water demand in Sydney, the Blue Mountains and Illawarra – IPART Secretariat Working Paper	<b>WP1</b>
<b>2-Feb-04</b>	Sydney Water Corporation Operational Audit 2002/2003	<b>CP-12</b>
<b>2-Feb-04</b>	Sydney Catchment Authority Operational Audit 2002/2003	<b>CP-13</b>
<b>29-Jan-04</b>	End of Term Review of the Operating Licences for Sydney Water Corporation and the Sydney Catchment Authority - Water Demand and Supply Balance - Issues Paper	<b>DP73</b>
<b>18-Dec-03</b>	Investigation into Price Structures to Reduce the Demand for Water in the Sydney Basin - Issues Paper	<b>DP72</b>
<b>11-Dec-03</b>	Hunter Water Corporation Operational Audit 2002/2003	<b>CP-11</b>
<b>7-Oct-03</b>	End of Term Review of the Operating Licences for Sydney Water Corporation and the Sydney Catchment Authority - Issues Paper	<b>DP69</b>
<b>5-Sep-03</b>	Draft Energy and Water Licence Compliance Policy	<b>OP-17</b>
<b>3-Jul-03</b>	Review of the Performance Criteria in Sydney Catchment Authority's Operating Licence - Final Report - Prepared for IPART by SKM	<b>RP21</b>



<b>Release Date</b>	<b>Publication</b>	<b>Reference Number</b>
<b>Public Transport</b>		
<b>15-Aug-03</b>	Report on the Determination of NSW Public Transport Fares - CityRail and State Transit Authority - From 31 August 2003	<b>Det03_5&amp;6</b>
<b>Gas</b>		
<b>31-May-04</b>	Final Approval Request for the Proposed Natural Gas Pipeline to the Central Ranges Region of NSW - Decision	<b>Gas04-01</b>
<b>3-Oct-03</b>	Review of Gas and Electricity Regulated Retail Tariffs - Issues Paper	<b>DP70</b>
<b>5-Sep-03</b>	Draft Energy and Water Licence Compliance Policy	<b>OP-17</b>
<b>Private Transport</b>		
<b>19-Feb-04</b>	Review of Fares for Taxis in NSW - Issues Paper	<b>DP74</b>
<b>15-Aug-03</b>	Review of Fares for Taxis in New South Wales in 2003 - From 31 August 2003 - Report to the Minister for Transport Services - Released by Department of Transport	
<b>15-Aug-03</b>	Review of Fares for Private Buses and Ferries in New South Wales in 2003 - From 31 August 2003 - Report to the Minister for Transport Services - Released by Department of Transport	
<b>17-Jul-03</b>	Fare Setting Approaches for Private Bus Services - Final Report - Prepared for IPART by Booz Allen Hamilton	<b>RP23</b>
<b>17-Jul-03</b>	Appraisal of Taxi Fare Structure Issues - Final Report - Prepared for IPART by Booz Allen Hamilton	<b>RP22</b>
<b>Other Publications</b>		
<b>23-Jul-04</b>	Gambling : Promoting a Culture of Responsibility	<b>Report</b>
<b>3-May-04</b>	Review into Rentals for Waterfront Tenancies on Crown Land in NSW	<b>S9-10</b>
<b>27-Oct-03</b>	Review of Rentals for Domestic Waterfront Tenancies in NSW - Issues Paper	<b>DP71</b>
<b>24-Sep-03</b>	Review of Gambling Harm Minimisation Measures - Issues Paper	<b>DP67</b>
<b>Annual Report</b>		
<b>Feb-04</b>	Annual Report	<b>AR02-03</b>

# Staffing and Consultants

### Staffing and equal opportunity policies

EEO outcomes during the reporting period.

- ▼ EEO policies were reviewed to ensure they continue to meet legislative requirements.
- ▼ The Grievance Resolution policy was also reviewed.
- ▼ Videos and CDs on sexual harassment and prevention of bullying were introduced to complement our in-house policies as part of the induction process.

Planned outcomes for the following year

- ▼ To underpin our strategy to increase number of people from Aboriginal and Torres Strait Islander group, position details will be forwarded to an Aboriginal employment database for possible job match.
- ▼ To increase the number of people with disabilities, advertisements will be placed through a disability recruitment agency to attract more applicants from this group.
- ▼ To conduct EEO & Harassment prevention sessions for all Managers, Executives and Staff.
- ▼ To conduct Executive Development Program for all Managers to identify key strengths, and enhance capabilities to plan for future career progression to Executive positions.

### NSW Government Action Plan for Women

- ▼ The number of women increased during this reporting year to 35, making up 50% of the agency staff.
- ▼ Five female managers are working under part-time arrangements, in some cases to facilitate return to work from Maternity Leave.
- ▼ Two non-management positions are currently filled on a permanent part time arrangement.
- ▼ Use of flexi-time is available to all staff.
- ▼ Approximately 50% of acting opportunities are filled by women.

- ▼ Training and development opportunities and specialised skills training available to all.

### Ethnic Affairs Priority Statement (EAPS)

IPART recognises the value of cultural diversity and seeks to promote this value and respect for diverse cultures and languages other than English in the workplace.

### Progress and strategies

- ▼ A representative of IPART participated in the one day workshop 'Engaging with the Ethnic Media' which highlighted factors to consider when translating information into various languages and suggest ways to more effectively advertise.
- ▼ The ethnic press was targeted for advertisements calling for submissions to the harm minimisation enquiry into gambling in NSW. Advertisements were advertised in five languages: Vietnamese, Arabic, Cantonese, Croatian and Mandarin.
- ▼ Advertising in the Ethnic Media will be an ongoing strategy where appropriate.

### Disability Action Plan

The agency's ongoing priorities in this area are:

- ▼ Physical Access – ensuring that special needs of staff and visitors are accommodated.
- ▼ Staff Training – where appropriate providing awareness sessions for those working with people with disabilities.
- ▼ Employment – liaising with disability recruitment agencies to broaden our applicant base.

## Staffing and Consultants

continued

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

Number of employees by category, and comparison to prior three years, as at 30 June 2004

	2004	2003	2002	2001
Tribunal Executive	1	2	2	2
Directors & General Managers	7	5	4	4
Program Managers	9	9	9	9
Managers	3	3	3	3
Analysts	36	36	27	22
General Counsel	1	1	1	1
Legal Officers	2	2	2	2
Support Officers	10	11	10	8
<b>Total number of staff includes full time, part time, temporaries and graduates</b>	<b>69</b>	<b>69</b>	<b>58</b>	<b>51</b>
Part-time Tribunal members	1	1	1	1
Temporary members	1	1	1	1
<b>Total number of staff including members</b>	<b>71</b>	<b>71</b>	<b>60</b>	<b>53</b>

**A. Trends in the Representation of EEO Groups**

EEO Group	Benchmark or Target	% of Total Staff			
		2001	2002	2003	2004
Women	50%	55%	46%	48%	<b>51%</b>
Aboriginal people and Torres Strait Islanders	2%	0%	0.0%	0%	<b>0%</b>
People whose first language was not English	20%	20%	15%	16%	<b>15%</b>
People with a disability	12%	2%	4%	3%	<b>3%</b>
People with a disability requiring work-related adjustment	7%	0%	1.8%	0%	<b>0%</b>

**B. Trends in the Distribution of EEO Groups**

EEO Group	Benchmark or Target	Distribution Index			
		2001	2002	2003	2004
Women	100	90	99	97	98
Aboriginal people and Torres Strait Islanders	100			0	0
People whose first language was not English	100			n/a	n/a
People with a disability	100			n/a	n/a
People with a disability requiring work-related adjustment	100			0	0



continued

**Notes to previous table:**

1. Staff numbers are as at 30 June.
2. Excludes casual staff
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

**Industrial relations policies and practices and awards**

- ▼ The Joint Consultative Committee reviewed a number of existing policies due for review. The review was to ensure that policies continued to meet legislative and organisational requirements.
- ▼ Induction processes were updated to reflect changes to policies.
- ▼ The organisation's intranet is used to ensure all staff have access to policies and procedures on line.
- ▼ IPART implemented an electronic leave recording system. The system reduces the amount of time spent in auditing leave, as well as the amount of printed documents. Staff members are able to access their records to enquire on pay, leave and personal contact information.

**Industrial Relations Policies and Practices**

- ▼ IPART's existing award was the subject of a review under s.19 of the *Industrial Relations Act 1996*.
- ▼ Discussions with representatives from IPART and the Public Service Association on a new IPART award have continued. A new award should be finalised by the next reporting year.

**Code of Conduct**

IPART's Code of Conduct known as the Professional Standards and Behaviour Policy was one of the policies reviewed by the Joint Consultative Committee this year. The review confirmed that the Policy detail is sound in all aspects and continues to meet IPART's specific requirements.

**Flexible work practices**

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

**Occupational health and safety**

- ▼ A review of the OH&S policy in response to changes to the OH&S legislation was conducted. A revised policy was approved and implemented.
- ▼ Implementation of policy included awareness sessions conducted by HealthQuest for all managers and staff to discuss and confirm their respective obligations.
- ▼ The annual voluntary vaccination against influenza was provided by HealthQuest early in the year.
- ▼ IAB Assurance and Advisory Services were invited to conduct an OH&S audit. Results of the audit were discussed by the Executive, all managers and OH&S Committee. Actions resulting from the audit included:
  - ▼ revising induction procedures for contractors and consultants
  - ▼ posting the new policy and emergency procedures on the intranet
  - ▼ purchasing mouse mats and posters with OH&S health and safety hints
  - ▼ appointment of a female First Aid officer.

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

**Corporate Plan**

The main components of the corporate plan are shown on page 5 of this report, and progress towards meeting corporate objectives is assessed for each program element on pages 8 to 15. The plan is available on request and may be viewed or downloaded from IPART's website.



## Staffing and Consultants

continued

**Consultants**

During 2003/04, IPART engaged the following consultants for a total expenditure of \$3.73 million (work on some of these consultancies was still proceeding at 30 June):

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

<b>Consultant</b>	<b>Cost</b>	<b>Title</b>
<b>Engineering</b>		
GHD Pty Ltd	\$93,599	2002/2003 Operational Audit of the Sydney Catchment Authority
GHD Pty Ltd	\$159,091	Sydney Water Corporation - 2002/03 Operational Audit
GHD Pty Ltd	\$39,320	Asset Management requirement for operational Licences
GHD Pty Ltd	\$35,923	Review of Sydney Water's Ecologically Sustainable Development Indicators
GHD Pty Ltd	\$30,050	Performance review of annual Greenhouse Gas Abatement Scheme benchmark statement audit
Harford Enterprises	\$46,978	Customer Service Indicators & Reporting on Localised System Performance for Sydney Water Corporation
KPMG	\$58,545	Joint Metrology Review
L.E.K. Consulting Pty Ltd	\$82,700	To review of key performance and efficiency measures for RailCorp
Parsons Brinckerhoff Australia Pty Ltd & Parsons Brinckerhoff International (Australia) Pty Ltd as Partners in a Partnership Styled Parsons Brinckerhoff	\$48,400	2002/03 Operational Audit - Hunter Water Corporation
The Allen Consulting Group	\$31,477	Review of Terms & condition elements in AGL Gas Networks Access Arrangement
URS Australia Pty Ltd	\$53,162	Technical review of default abatement factor
<b>Sub Total</b>	<b>\$679,245</b>	

## Staffing and Consultants

continued

<b>Consultant</b>	<b>Cost</b>	<b>Title</b>
<b>Finance and Accounting</b>		
Centre for International Economics	\$304,950	Assistance for the Electricity 2004 Network Review
Centre for International Economics	\$165,375	Ministerial Enquiry into Transport
Centre for International Economics	\$39,900	Investigation into the use of price structures to reduce demand for water in the Sydney Basin
Centre for International Economics	\$70,200	Review of NSW gas Access Arrangements
Centre for International Economics	\$32,300	Review of rentals for Waterfront tenancies on Crown Land in NSW
Energy Consulting Group Pty Ltd	\$199,674	Review -total cost of the NSW gas network companies
Ernst & Young	\$264,091	Electricity Tariff Equalisation Fund audit of standard electricity retail suppliers
Intelligent Energy Systems	\$57,450	Review of Regulated Retail Tariffs
Intelligent Energy Systems	\$52,700	Distribution of loss Factors
KPMG	\$30,335	Modelling for the 2004 Network & Retail Reviews
McLennan Magasanik Associates	\$95,619	Review - Demand Forecasts for Distribution Network Service Providers
McLennan Magasanik Associates	\$100,552	Review - Demand Forecasts of the NSW gas network companies
Meritec LTD	\$75,703	NSW Distribution Network Capital Operating Review
National Economic Research Associates - NERA	\$108,148	Assistance on retail reviews - electricity and gas
PB International (Australia) Pty Ltd	\$47,698	S-Factor Review
Sinclair Knight Merz	\$57,868	Introducing congestion pricing
Wilson Cook & Co Ltd	\$107,999	Review of the revised operating and capital expenditure forecast of the 4 NSW electricity distribution network service providers
<b>Sub Total</b>	<b>\$1,810,562</b>	
<b>Management Services</b>		
Ernst & Young	\$230,053	Assistance with audit accreditation framework
Ernst & Young	\$104,433	Processing accreditation Applications
Ernst & Young	\$111,602	NSW Greenhouse Gas Abatement Scheme Transitional audits - Trial accreditations
Ernst & Young	\$30,253	Assistance with Greenhouse Gas Abatement Scheme Applications for Accreditations
Phacelift Consulting Services Pty Ltd	\$63,386	Advice on Greenhouse Gas Abatement Scheme Audit process
<b>Sub Total</b>	<b>\$539,727</b>	
<b>Information Technology</b>		
Logica CMG Pty Ltd	\$242,000	Operation of Greenhouse Gas Abatement Scheme Registry
Silver Spirit Partners	\$89,188	Advice on Registry development
<b>Sub Total</b>	<b>\$331,188</b>	

## Staffing and Consultants

continued

Consultant	Cost
<b>Total consultancies equal to or more than \$30,000</b>	<b>\$3,360,722</b>
<b>Consultants less than \$30,000.00</b>	
Engineering	\$124,776
Finance and Accounting/tax	\$152,299
Information technology	\$19,840
Management Services	\$72,000
<b>Total consultancies less than \$30,000</b>	<b>\$368,915</b>
<b>Total consultancies</b>	<b>\$3,729,637</b>

### Contract executive profile

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

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

### Salaries of statutory appointees and contract executives

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

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

Name	Position	Total Salary Package
James Cox	Acting Chairman	\$344,405

#### James Cox

*Acting Chairman*

Appointed on 1 May 2004

The Premier has indicated that during 2003/04 James Cox met the performance criteria established for the position of Chairman. The key achievements for 2003/04 were:

- ▼ Ensured that IPART had the capabilities and resources to deliver quality reports and determinations.
- ▼ Chaired Tribunal meetings and public hearings and ensured that IPART met its public access and statutory obligations.
- ▼ Managed key external relationships and communicated IPART's vision, plans and achievements.



# Appendix 5

## External Liaison

*Senior Tribunal staff met with a number of international delegations to provide briefings on IPART's regulatory approach and share information. In 2003/04 staff met with delegations from South Africa, Korea, India, China and Tanzania.*

### Overseas visits

Name	Destination	Dates	Reason for Travel	Total Cost
Mr James Cox	Rome, London	5 to 15 October	Conference at World Energy Forum – Rome – Meetings in United Kingdom	\$12,444
Dr Thomas Parry	London, Rome	1 to 9 October	Meetings in United Kingdom, Conference at World Energy Forum – Rome	\$14,531

### External presentations

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

#### Dr Thomas G Parry, Chairman

*The Interim Report on Sustainable Transport in New South Wales*, AusCid Members Forum, Sydney, 29 September 2003.

*Introducing Full Retail Competition in Energy Markets: - Protecting Consumers and Government Utility Owners*, World Forum on Energy Regulation, Rome, 6 October 2003.

#### James Cox, Acting Chairman

*Electricity Distribution Determination* Energy Users Conference, Sydney, 17 September 2003.

*Lessons from Implementing the NSW Greenhouse Gas Abatement Programme*, World Forum on Energy Regulation, Rome, 7 October 2003.

*Participated in Regulators Round Table* Australian Water Summit, Melbourne, 25 February 2004.

*What Price Taxi Services?* National Taxi Association Conference, Star City Sydney, 6 May 2004.

*Optimal pricing for regulated businesses – the challenge for economic regulators*, Finance and Treasury Association National Conference, Adelaide, 8 June 2004.

*Risk and economic regulation*, Finance and Treasury Association National Conference, Adelaide, 8 June 2004.

*Managing Corporate Environmental Risk*, GHD Seminar, Sydney, 18 June 2004.

*Panel Session*, Australian Energy Reform Conference, Melbourne, 29 June 2004.

#### Colin Reid, Director Water and Transport

*The NSW Experience*, ACORE Workshop for Victorian Water Industry, Ballarat, 28 April 2004.

*Asset Management - a Regulator's Perspective*, Australian Water Association Enviro 2004 Conference, Sydney Convention Centre, 30 March 2004.



### **Asset management plan**

There were significant changes to IPART's asset management plan to reflect the increased asset base in response to the new function of administering the Greenhouse Gas Abatement Scheme. As a result, the Government approved an increase in minor provisions.

### **Complaints**

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

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

### **Complaints about competitive neutrality**

One complaint about non-compliance with competitive neutrality in the State Valuation Office was referred to IPART on 30 June 2004, but the investigation was not commenced in 2003/04.

### **Funds granted to non-government community organisations**

No funds were granted to non-Government community organisations.

### **Privacy plan**

Some changes to IPART's privacy plan were made in 2003/04 in response to an internal audit report. See below for details.

There were no complaints or requests for internal reviews during 2003/04.

### **Risk management and insurance**

IPART has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2003/04, it had six motor vehicle claims with a net incurred loss of \$22,362 and no property claims.

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

During the year the Internal Audit Bureau was engaged to review the IT risk assessment and associated controls and strategic response. IPART also maintained certification under AS7799 for IT security. The IT support contract provides for a Rapid Recovery Service to replace critical equipment in the event of failure. We invoked this contract provision in 2003/04, when one of our backup drives failed.

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

continued

## Internal and external reviews

IPART reviewed four areas in 2003/04, as part of the internal audit review program. These were:

- ▼ **Compliance with the *NSW Privacy and Personal Information Protection Act 1998*.** The purpose of this review was to obtain reasonable assurance that IPART complies with the Act's provisions. The Internal Audit Bureau concluded that IPART substantially complies and recommended some minor improvements in safeguards and procedures to ensure that personal information does not appear in the public registers or on the website.
- ▼ **Occupational Health and Safety Management Systems.** The purpose of this review was to assess compliance with legislative requirements and the effectiveness of controls for establishing and maintaining a safe and healthy workplace. The Internal Audit Bureau found that senior management and the OH&S Committee actively promote a positive OH&S culture and that the organisation has responded appropriately to changes in the various relevant Acts. While concluding that systems currently in place acquit IPART's duty of care to its employees and others in the workplace, the Bureau suggested some additional improvements to ensure that this duty continues to be effectively discharged. IPART is committed to implementing the proposed measures.
- ▼ **IT risk assessment.** The objective of the review was to assess and update the IT risk profile taking into account the unique nature of operations and the directions set for IPART in the Corporate Plan and the supporting Information Technology and Communications Strategic Plan. The review also encompassed evaluating the risks in terms of their likelihood, impact on operations and existing and proposed controls. While the assessment of IPART's risk was "medium", the Bureau recommended steps for management's consideration to better manage the risks.
- ▼ **IT Strategic Plan.** The purpose of this review was to assess compliance with the NSW Government's requirements and to test IPART's strategy for delivery of IT support services. As this strategy is highly dependent on external service providers, many of the report's recommendations focussed on the service providers' stability and capability to deliver the services, and IPART's ability to effectively manage the service providers, particularly the boundaries between them.

## Report on account payment performance

Aged analysis at the end of each quarter

Quarter	Current (ie within due date)	Less than 30 days overdue	Between 30 days and 60 days overdue	Between 60 days and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September Quarter	3,956	0	0	0	0
December Quarter	2,469	0	0	0	0
March Quarter	446	0	0	0	0
June Quarter	344,717	0	0	0	0

Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid (\$)
	Target	Actual	\$	
September Quarter	88%	94%	1,652,440	1,705,081
December Quarter	88%	92%	5,689,048	5,948,002
March Quarter	88%	92%	1,115,600	1,234,501
June Quarter	88%	95%	3,153,085	3,604,789

During 2003/04 there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*.

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

To improve future performance greater emphasis will be placed on enhancing electronic processing of accounts together with increased use of Purchase Orders for recurring purchases.

Accounting services are provided by the Central Corporate Services Unit under the Department of Commerce.

### **Waste avoidance and resource recovery**

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

IPART is a relatively small organisation and the opportunities to avoid waste and recover resources are generally limited to office-based activities. These include:

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

### **Energy management**

A couple of initiatives that IPART has introduced over the past few years to achieve greater savings in energy usage have been the installation of timers to office lighting as well as some modifications to meeting room lighting. The building was assessed for further opportunities to save energy two years ago, but as there had previously been a building upgrade of these services, major savings could not be identified.

New rules under the Australian Building Greenhouse Rating (ABGR) scheme will see a further review of the greenhouse performance of the IPART tenancy before 31 December 2004.

### **Details of Annual Report production**

The total external cost incurred in the production of the report, including editing, design, photography and all printing processes was \$14,717.62. Extra copies may be purchased at the NSW Government Information Service Bookshop. An electronic copy of this report is available at IPART's website.

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



# Freedom of information Act

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

### **Availability of information**

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

### **FOI procedures**

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

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

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

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office  
SYDNEY NSW 1230

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

### **FOI requests in 2003/04**

IPART received one request for documents under the Freedom of Information Act from BHP Billiton, seeking access to Integral Energy's applications for accreditation of the Appin and Tower power plants under the Greenhouse Gas Abatement Scheme. With the agreement of Integral Energy, IPART provided the access requested.





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