



Independent Pricing and Regulatory Tribunal

# Annual Report 2011/12

October 2012

26 October 2012

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The Hon. Barry O'Farrell MP  
Premier of New South Wales  
Level 40  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Premier,

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL ANNUAL REPORT  
2011/2012**

As required by the *Annual Reports (Statutory Bodies Act) 1984*, I am pleased to submit the annual report of the Independent Pricing and Regulatory Tribunal for the year ended 30 June 2012.

Yours sincerely



Peter Boxall AO  
Chairman

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Tribunal members for this report are:

Dr Peter Boxall AO, Chairman

Mr James Cox PSM, Chief Executive Officer and Full Time Member

Mr Simon Draper, Part Time Member

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## Chairman's Foreword

I was appointed Chairman of IPART in November 2011. The work has been both intellectually stimulating and challenging. Stimulating because we apply robust economic analysis to complex real world issues, and challenging because the solutions to these issues are important contributors to economic progress in NSW.

In 2011/12, IPART has made some important contributions to the regulatory debate, especially in the electricity industry and in local government. We have made a number of recommendations to change policy and administration of energy network costs and of green schemes, both of which have been key drivers of electricity price increases. I am pleased that many of these recommendations have subsequently been taken up by the governments and agencies in the various reviews of the regulation of the electricity industry and the administration of green schemes. Similarly, we made some recommendations to the NSW government review of its planning system, including on the policy for developer contributions.

IPART's regulatory work is ideal for the development of our ongoing 'productivity commission' role where we carry out reviews and enquiries as commissioned by government. The analytical expertise required for the regulatory work can be readily applied to the various commissioned projects. We intend to develop this capacity further, and we look forward to undertaking more review work in the future.

I would like to thank my fellow Tribunal members, Jim Cox and Sibylle Krieger, for their valuable insights on all the issues that we have addressed throughout 2011/12. In particular, I thank them for their work as a two-person Tribunal with Jim as Acting Chair in the first half of the year, pending my appointment. Sibylle retired from the Tribunal on 30 June 2012 and I would like to make particular mention of the important and considered contribution that Sibylle made to the Tribunal over 6 years, and to wish her well in her future endeavours. I welcome Simon Draper as the new part time Tribunal Member and look forward very much to working with him.

Jim Cox has also made an invaluable contribution as Chief Executive Officer, managing IPART's day-to-day operations. I would like to thank the staff at IPART for their enthusiasm, and their sustained, high-quality input into the Tribunal's deliberative processes throughout the year.

In short, IPART is a great resource for the Government. We are an independent regulator and are able to provide independent analytical work, as commissioned by the government. We are a regulator with a bent for economic reform, and we seek to contribute to economic progress for the people of New South Wales.

A handwritten signature in blue ink, reading "Peter J. Boxall". The signature is written in a cursive style with a large initial "P".

Peter J Boxall AO  
Chairman

## The Chief Executive Officer's Report

During 2011/12 IPART made its first determination of prices for the Sydney Desalination Plant under the Water Industry Competition Act. We also determined prices for Sydney Water and the Sydney Catchment Authority.

The determination of prices for the Sydney Desalination Plant is for 5 years from 1 July 2012. The desalination plant is an unusual asset because it can operate in a variety of modes from full production to long term shut down. The costs of operation of the plant vary greatly depending on the mode of operation. We were required to consider prices that would enable the desalination plant to recover its costs in each mode of operation. In considering prices for the desalination plant we paid particular attention to encouraging improvements in efficiency and determining arrangements for sharing the costs of surplus energy between customers and the lessors of the plant.

The determinations of prices for the Sydney Water Corporation and the Sydney Catchment Authority are for 4 years from 1 July 2012. There are now 2 suppliers of bulk water to Sydney Water - the Catchment Authority and the Desalination Plant - and the prices charged by these suppliers flow into the final prices that are charged by Sydney Water. Under IPART's determination the prices for water and sewerage services will increase by less than the rate of inflation over the next 4 years. In making the determination we paid particular attention to deciding on a rate of return on capital which is no higher than necessary but takes into account current and likely future market conditions over the next few years.

In June 2012 we made a determination that retail electricity prices would increase by 18% primarily as a result of rising network costs and the introduction of the carbon price. We made a number of recommendations to reduce pressure on prices in future. The recommendations relate to aspects of the National Electricity Rules and National Electricity Law, reliability standards, green schemes and subsidies. The NSW and Commonwealth Governments have commenced acting on many of these recommendations.

During 2011/12, IPART set the Local Government rate peg and determined special variations to rates for the second time. In December 2011 we decided on a rate peg amount of 3.6% to apply in the 2012/13 financial year. This amount was determined using a local government cost index, a productivity factor and a carbon price advance of 0.4%. Although the effect of the carbon price will eventually be reflected in the local government cost index, this happens only with a lag. The carbon price advance matches the increase in councils' rate incomes more closely with increases in their costs resulting from the carbon price. It will be withdrawn in 2013/04 and 2014/15.

We reviewed and decided on 16 applications from councils for special variations to rates. We also amended special variations for 16 other councils for the effect of the carbon price. In addition we reviewed the costs of essential infrastructure that is included in 3 development contribution plans by councils. This work was undertaken on behalf of the Minister for Planning and Infrastructure.

IPART continued its work as the NSW Government's economic and policy think tank during 2011/12. At the request of the Government we reviewed rents for waterfront tenancies. Following extensive public consultation, we reported our findings to the Government in December 2011. At the request of the Government we reviewed the demand for and supply of ethanol in NSW. We also finalised the report into the pricing of NSW Government Radio Services.

During 2011/12 we prepared for our new function of undertaking reviews of regulation to reduce the burden of compliance. Our first reviews into the burden of regulation in NSW commenced formally on 1 July 2012.

### Price Impacts of IPART's Decisions

As in previous years, the prices of the services that IPART regulates, and especially electricity and water prices, increased in 2011/12.

We calculate an index to represent the annual change in the prices that we regulate. This index shows that the average of the prices that IPART regulates increased by less than the rate of inflation during the period from 1992/93 to 1999/2000 and by approximately the rate of inflation between 2000/01 and 2003/04. Prices regulated by IPART have increased by more than the rate of inflation since 2004/05. These prices increased by 10.7% more than the rate of inflation in 2009/10, 3.8% more than the rate of inflation in 2010/11 and 10.6% more than the rate of inflation in 2011/12.

These rising prices are placing pressures on household budgets. Expenditure on services that are regulated by IPART decreased from 4.4% of average weekly earnings in 1992/93 to 3.5% in 2004/05. In 2012 the share was 4.7%. This shows that prices have increased faster than household income in recent years.

Households on low incomes spend proportionately more in IPART regulated services than high income households. For example, the poorest 20% of the NSW population spend 5.0% of household income on these services; the richest 20% spend 2.9%.

The main reason for rising prices is that electricity and water businesses, in particular, have been undertaking large capital expenditure programs. Some of this capital expenditure is required to maintain or replace ageing assets or to cater for growth. Other capital investments are required to meet government standards for improved quality, reliability and environmental impacts. In the case of electricity, the increased investment has largely been on networks. Network charges are determined by the Australian Energy Regulator and passed through to retail prices by IPART. Higher water prices for 2010/11 were determined by IPART to pass on the costs of increased investment to meet requirements to build a desalination plant and improve sewage treatment.

If the utilities that provide essential services are to remain financially viable, economic regulators must pass on to customers the rising costs of services that result from improved standards. We should ensure that customers pay only for efficient costs. Economic regulators should understand the views of customers and ensure that discretionary expenditure by regulated businesses to improve standards occurs only where it is justified. Governments should carefully consider initiatives that put upward pressure on prices to ensure that the benefits of these policies exceed the costs. And, wherever possible, competition rather than regulation should be relied on to provide customers with the right service quality at the right price.

IPART acted during 2011/12 to address customer affordability issues. We made recommendations to government to address the cause of rising energy prices. We continued to operate our price comparator website, My Energy Offers. The website improves the operation of the energy market by providing customers with accurate and unbiased information about the offers that are available from competing suppliers. We responded to increased competitive activity in the electricity market through an increased focus on ensuring compliance with the conditions of electricity licenses.

During 2011/12 we continued to administer both the NSW Energy Savings Scheme and the Greenhouse Gas Reduction Scheme. With the Minister's approval, IPART has delegated its decision making for both these schemes to 2 Committees. These committees met regularly throughout the year. GGAS officially closed on 30 June 2012.

## IPART Capabilities

IPART continued to improve its capabilities during 2011/12 through various projects. During the year we launched 2 new websites, [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au) and [www.ess.nsw.gov.au](http://www.ess.nsw.gov.au). Users have indicated to us that the new websites are informative and easy to use. IPART's website includes an on line submissions function which has been used extensively by our stakeholders. More than 84% of submissions to IPART were provided through the on line submissions function during the first half of 2012. The new website has allowed us to make more efficient processes for publishing documents on our website

We improved our process for backing up and storing data from our ICT system. This not only improves our ability to withstand interruptions to business continuity but has simplified our ICT processes.

We conducted a staff climate survey to follow up on earlier surveys that were conducted in 2002 and 2008. There was an excellent response rate to the survey (86% of staff responded to it). The results indicate that the staff are very satisfied and engaged; they find that the work is challenging and engaging; and they consider that they are supported and have the resources required to do their job. The best aspects of working at IPART were considered to be a professional and collegiate working environment, varied and interesting work, and flexible working hours.

We conducted a major review of policies and processes relating to records management. The review concluded that our current procedures comply with the requirements of State Records NSW. However, we anticipate that moving to an electronic only approach will improve the efficiency and quality of record keeping.

During the year we undertook a number of activities to develop the skills of our managers and our staff. For example we:

- ▼ Assisted managers to identify and manage stress in the work place.
- ▼ Undertook training to improve staff writing skills.
- ▼ Encouraged staff to develop their analytical and presentation skills through the formal peer review process.

We conducted awareness sessions for managers and staff following the introduction of the new public interest disclosure legislation.

We established a new team to assist us in our new function of undertaking reviews of NSW Regulation to reduce the burden of red tape. We commenced setting up the team during 2011/12 to enable work in this new area to commence from 1 July 2012.

## Concluding Comments

Dr Peter Boxall was appointed Chairman of IPART in November 2011. I would like to thank him personally for his advice and guidance during the period since his appointment.

In concluding, I would like to thank our fellow Tribunal Member, Ms Sibylle Krieger, for her wise counsel and participation in decision making during the year. I would also like to thank Mr Peter Egger, Mr Eric Groom, Mr Stephen Lyndon, Mr Stuart McDonald and Dr Brian Spalding for their valuable work on IPART's committees. In addition I would like to thank IPART's Secretariat for excellent professional advice and assistance.

A handwritten signature in black ink that reads "James Cox". The signature is written in a cursive style with a large initial 'J'.

James Cox PSM  
Chief Executive Officer and Full Time Member

## What we do

IPART is the independent regulator that determines the maximum prices that can be charged for certain retail energy, water and transport services in New South Wales. We also determine local government rates. To ensure the quality and reliability of these services, we monitor service delivery, audit suppliers and oversee licence compliance by water and retail energy suppliers.

IPART also serves as the NSW Government's economic advisor and policy think tank. In this role, we review the pricing of other services and investigate various aspects of industry productivity, competition, performance and planning. We administer the Greenhouse Gas Reduction Scheme and Energy Savings Scheme at the Government's request.

### Functions

IPART provides an integrated system of economic regulation and licence regulation in NSW that covers pricing for water, transport, local government, electricity and gas industries and licensing of water, electricity and gas.

In addition, IPART administers the Energy Savings Scheme and undertakes reviews and investigations into a wide range of economic and policy issues. In this respect, we act as a key economic think tank and policy advisor to the NSW Government.

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

- ▼ Set maximum prices for monopoly services provided by government agencies in NSW (including water and public transport).
- ▼ Administer licensing or authorisation of water, electricity and gas businesses, and monitor compliance with licence conditions. The energy component of this function will transfer to the Australian Energy Regulator at a time to be decided by the Government.
- ▼ Advise the NSW Government or its agencies on issues such as pricing, efficiency, industry structure and competition.
- ▼ Regulate maximum electricity and gas prices that regulated energy retailers can charge to residential and small business customers.

- ▼ Regulate private sector access to water and waste water to encourage competition and re-use.
- ▼ Maintain a local government cost index, determine the maximum percentage increase in local government general revenue (rate peg), determine special rate variations and review Council development contributions plans.
- ▼ Review the regulatory burden in priority industries to reduce red tape.
- ▼ Administer the Energy Savings Scheme and associated Register of Energy Savings Certificates.
- ▼ Administer the Greenhouse Gas Reduction and manage its closure and associated Register of NSW Greenhouse Abatement Certificates.
- ▼ Register agreements for access to public infrastructure assets and arbitrate disputes about agreements for access to public infrastructure.
- ▼ Investigate complaints about competitive neutrality referred to us by the Government.

## Principal Achievements in 2011/12

### Completed by 30 June 2012

#### Energy Pricing

- ▼ Released annual review of total energy cost allowance
- ▼ Reviewed cost pass through applications under IPART's regulated electricity retail determination 2010-2013
- ▼ Assessed compliance by Standard retailers with our determination
- ▼ Assessed compliance by standard gas retailers with VTPAs

#### Energy Licensing

- ▼ Published energy distribution and retail licence compliance report
- ▼ Maintained the energy price comparison service - myenergyoffers
- ▼ Processed applications for granting of new licences and cancelling of existing licences
- ▼ Reported network operators' and energy retailers' performance
- ▼ Conducted licence compliance audits of retailers and network operators
- ▼ Audited operations of Electricity Tariff Equalisation Fund

#### Rural Water Pricing

- ▼ Commenced a review of rural water charging arrangements under section 9 of the Independent Pricing and Regulatory Tribunal Act
- ▼ Monitored compliance with rural water price determinations through regular meetings with State Water and the Office of Water and receipt of annual information returns

### Metropolitan Water Pricing

- ▼ Determined maximum prices for the services of the Sydney Desalination Plant from 1 July 2012
- ▼ Determined maximum prices for Sydney Water from 1 July 2012
- ▼ Determined maximum prices for Sydney Catchment Authority from 1 July 2012
- ▼ Completed a review of prices structures for metropolitan water utilities
- ▼ Developed a methodology paper efficiency and energy adjustment mechanisms for Sydney Desalination Plant prices
- ▼ Released an issues paper for the review of Hunter Water Corporation prices from 1 July 2013
- ▼ Released an issues paper for the review of Gosford City Council prices from 1 July 2013
- ▼ Released an issues paper for the review of Wyong Shire Council prices from 1 July 2013
- ▼ Released an issues paper for the review of developer charges for Gosford City Council and Wyong Shire Council from 1 July 2013
- ▼ Monitored compliance with price determinations by metropolitan water utilities through regular meetings and the receipt of annual information returns
- ▼ Liaised with key stakeholders on how regulatory processes may be improved

### Water Licensing (public water utilities)

- ▼ Audited and reported on compliance for 2010/11 with the operating licences held by:
  - State Water Corporation
  - Sydney Water Corporation
  - Sydney Catchment Authority
  - Hunter Water Corporation
- ▼ Completed the end of term review of the Sydney Catchment Authority operating licence and recommended a revised licence to the Minister
- ▼ Completed the end of term review of the Hunter Water Corporation operating licence and recommended a revised licence to the Minister
- ▼ Completed a review of the audit guideline for public water utilities' operating licences
- ▼ Published a report on the 2010/11 performance of the NSW metropolitan water utilities

- ▼ Collected and audited performance indicators on behalf of the National Water Commission.

### **Water Industry Competition Act 2006 (WICA)**

- ▼ Made recommendations to Minister for Finance and Services on licence applications and variations and approvals to commence operations
- ▼ Maintained registers (eg, licence applications, licensees)
- ▼ Monitored licence compliance and provided annual report on compliance of network operators and retail suppliers to the Parliament
- ▼ Completed a review of the audit guideline for WICA licences
- ▼ Completed a review of the information needed and forms for WICA applications
- ▼ Facilitated discussions/seminars with industry participants to identify and resolve matters associated with implementation of Act

### **Rail access**

- ▼ Reviewed rail infrastructure compliance with the NSW rail access undertaking for 2010/11 for ARTC

### **Transport**

- ▼ Reviewed taxi fares - from 1 July 2011
- ▼ Reviewed fares for rural and regional buses - from January 2012
- ▼ Reviewed private ferries fares - from January 2012
- ▼ Reviewed compliance by CityRail and metropolitan and outer metropolitan bus operators with IPART's determinations

### **Section 9 and other referrals**

- ▼ Finalised a review into pricing of NSW Government Radio Services
- ▼ Reviewed method of determining rents for domestic waterfront tenancies in NSW (released draft and final reports)
- ▼ Reviewed ethanol supply and demand in NSW (released final report)

### **Analysis and Policy Development**

- ▼ Maintained strong program of cross-sectoral analysis and research

### Greenhouse Gas Reduction Scheme

- ▼ Developed a risk based approach to the orderly closure of the GGAS scheme, following announcement of the Scheme closure by Government
- ▼ Finalised the approach to managing Scheme compliance for Benchmark Participants for the half year 1 January to 30 June 2012
- ▼ Submitted 9th Annual Report on Compliance and Operation of the NSW GGAS to Minister

### Energy Savings Scheme

- ▼ Just over 2.4 million Energy Savings Certificates created under the scheme
- ▼ 43 projects accredited to create Energy Savings Certificates
- ▼ Amended the Energy Savings Scheme Rule to remove showerheads from the Scheme
- ▼ Developed new policies and procedures to respond to the Rule change, and amended conditions of accreditation to reflect the changes
- ▼ Published a report on the cost effectiveness of the NSW Energy Savings Scheme during its first 18 months of operation
- ▼ Lifted the suspension of one Accredited Certificate Provider after it met agreed compliance requirements
- ▼ Released comprehensive guidance material regarding the acceptance of emerging lighting technologies
- ▼ Released a Report on Review of Electrical Safety Issues for Lighting Technologies under the NSW Energy Savings Scheme
- ▼ Conducted a review of the performance of halogen lamp installations following concerns raised by members of the public
- ▼ Conducted a series of workshops for applicants seeking accreditation under the Energy Savings Scheme
- ▼ Released the new website for the Energy Savings Scheme, including new guidance documentation for applicants to the Scheme
- ▼ Participated in the Technical Working Group progressing harmonisation of the NSW ESS with the Victorian Energy Efficiency Target (VEET) Scheme
- ▼ Submitted 3rd Annual Report on Compliance and Operation of the NSW ESS to Minister

### **Local Government**

- ▼ Developed a methodology to estimate the impact of the introduction of a \$23 per tonne carbon price on those council costs that are funded from general income
- ▼ Set the rate peg percentage at 3.6% for 2012/13. The rate peg is used to regulate local government general income for most councils. In 2012/13 it includes a carbon price advance of 0.4%. This advance will be reversed in the rate pegs for 2013/14 and 2014/15 as the actual effects of the carbon price are included in the local government cost index that is used to set the rate peg
- ▼ Reviewed and decided on 16 applications from councils for special rate variations and 1 application for a Crown Land adjustment in 2012/13
- ▼ Amended the existing special variations for 16 other councils for the effect of the carbon price
- ▼ Reviewed the cost of essential infrastructure included in 3 development contributions plans on behalf of the Minister for Planning and Infrastructure

### **In Progress at 30 June 2012**

#### **Rural Water Pricing**

- ▼ Commenced a review of rural water charging arrangements under section 9 of the Independent Pricing and Regulatory Tribunal Act
- ▼ Monitoring of compliance with rural water price determinations

#### **Metropolitan Water Pricing**

- ▼ Review of Hunter Water Corporation prices from 1 July 2013
- ▼ Review of Gosford City Council prices from 1 July 2013
- ▼ Review of Wyong Shire Council prices from 1 July 2013
- ▼ Review of developer charges for Gosford City Council and Wyong Shire Council from 1 July 2013
- ▼ Monitoring of compliance with metropolitan water price determinations

#### **Water Licensing (public water utilities)**

- ▼ Continued a review of the performance of metropolitan public water utilities' performance Indicators
- ▼ Administration of licence compliance regime

### **Water Industry Competition Act 2006 (WICA)**

- ▼ Review of access undertaking submitted to IPART for approval by Sydney Water
- ▼ Preparation of recommendations to Minister for Finance and Services on various licence applications and variations and approvals to commence operations
- ▼ Administer licence compliance regime

### **Rail access**

- ▼ Review of rail infrastructure compliance with the NSW rail access undertaking for Railcorp for 2009/10

### **Transport**

- ▼ Review of Sydney Ferries fares from January 2013
- ▼ Review of CityRail fares from January 2013

### **Local Government**

- ▼ Reviewing the cost of essential infrastructure in 2 council contributions plans on behalf of the Minister for Planning and Infrastructure

### **Section 9 and other referrals**

- ▼ Review of access pricing on the Grain line network

## Management and Structure

IPART is headed by a Tribunal that comprises 3 permanent members, plus temporary members, who are appointed by the Premier. The Tribunal is supported by a Secretariat that provides research and advisory services.

### The Tribunal

#### Permanent members

	<p>Chairman from 23 November 2011</p> <p>Dr Peter Boxall AO B Econ(Hons), M Econ, PhD</p> <p>Appointed from 23 November 2011 for 5 years. Previously a Commissioner at ASIC for 3 years, Former Secretary of the Department of Resources, Energy and Tourism in 2008, following 6 years as Secretary of the Department of Employment and Workplace Relations and 5 years as Secretary of Finance and Administration with The Australia Government.</p>
	<p>Acting Chairman from 30 June 2011 to 22 November 2011</p> <p>Chief Executive Officer and Full Time Member</p> <p>Mr James Cox BSc (Econ) (Hons), MA (Econ)</p> <p>Appointed for 5 years from 22 February 1996. Reappointed for an additional 5-year term from 22 February 2001. Reappointed for an additional 5-year term from 22 February 2006. Reappointed for an additional 3-year term from 2011. Former Principal Adviser, Government Pricing Tribunal/IPART, 1992-96. Consultant, NSW Cabinet Office, 1989-92. Principal Economist, Office of EPAC, 1986-89.</p>
	<p>Part-time Member</p> <p>Ms Sibylle Krieger LLB (Hons), LLM, GAICD, MBA</p> <p>Appointed for 3 years from 25 July 2006. Reappointed for 3 years from 1 July 2009. For 29 years a commercial lawyer in private practice with wide-ranging experience including commercial advisory and administrative law. Partner in 2 major commercial law firms for 22 years before leaving practice in 2008 to establish a portfolio career. Non-executive director of Sydney Ports Corporation 2002-2005, and of Allconnex Water in South East Queensland from 2010. Member of the AER's Dispute Resolution Panel pool for the National Electricity Market and the National Gas Market.</p>

### Temporary members

There were no temporary members during 2011/12.

### Meeting frequency and attendance

Throughout the year, the Tribunal held 43 meetings and 29 Delegated meetings, and hosted a number of public hearings, forums and workshops. More detail about these meetings and each member's attendance is provided in Appendix C.

### Delegated Committees

The IPART Act allows the Tribunal to delegate its functions to a Committee comprising a Tribunal Member and other persons if required. The Tribunal has delegated certain functions to a Committee convened by the Chief Executive Officer/Full Time Member to enable the delegate to make decisions on more routine issues. A formal instrument of delegation was approved by the Tribunal.

Similarly, the Tribunal has delegated its responsibilities regarding its administration of the Greenhouse Gas Reduction Scheme to a Committee and the administration of the Energy Savings Scheme to a separate Committee, by written instrument. The Minister for Energy has approved these delegations. The Chief Executive Officer/Full Time Member chaired 13 Greenhouse Gas Reduction Scheme Tribunal Meetings and 20 Energy Savings Scheme Tribunal Meetings.

In addition, the Tribunal has delegated its responsibilities regarding its responsibilities for reviewing Local Government Contributions Plans under the *Environmental Planning and Assessment Act 1979* to a Committee, by written instrument. This Committee is chaired by the Chief Executive Officer/Full Time Member and includes the Director, Analysis and Policy Development, Stephen Lyndon, and an independent adviser on planning matters, Stuart McDonald. The Committee met 11 times in 2011/12.

### 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, although IPART has increased the diversity of skills to include engineering, planning and financial modelling capabilities. Staff 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 Managers

The Secretariat is headed by senior managers, who report to the Chief Executive:

			
<b>Director, Energy and Transport</b>	<b>Director, Water</b>	<b>General Manager Support Services</b>	<b>Director, Analysis and Policy Development</b>
<b>Fiona Towers</b>	<b>Amanda Chadwick</b>	<b>Meryl McCracken</b>	<b>Stephen Lyndon</b>
<i>BCom (Accounting and Finance), MCom (Economics and Econometrics)</i>	<i>LLB (Hons), B Econ, MSc Regulation (Distinction)</i>	<i>BA, Dip Lib, Dip PSM</i>	<i>BA (Econ)</i>
Responsible for managing energy and transport industry programs.	Responsible for managing water industry programs.	Responsible for providing support services including human resources, office services, finance and information technology.	Responsible for managing the analysis and policy development programs.

			
<b>Principal Adviser</b>	<b>General Counsel</b>	<b>Director, Local Government</b>	<b>General Manager, Greenhouse Gas Reduction and Energy Savings Schemes</b>
<b>Eric Groom</b> <i>BEc (Hons), MEc</i> Responsible for maintaining the intellectual rigour of the approach to regulation and ensuring the consistency of reviews.	<b>Pamela Soon</b> <i>LLB, B Comm, LLM</i> Responsible for the provision of legal advice to the Tribunal and the management of the legal team.	<b>Alison Milne</b> <i>B Ec (Hons)</i> Responsible for managing the Local Government team and functions.	<b>Margaret Sniffin</b> <i>BSc, MSc</i> Responsible for managing the Greenhouse Gas Reduction and Energy Savings Schemes.

### Internal committees

IPART's Core Executive consists of the Tribunal's Chief Executive Officer and Full Time Member plus the senior managers. Throughout the year, this group met regularly, at approximately 2 week intervals. Other Managers attended meetings as required. The purpose of these meetings was to review the Secretariat's current work program and ensure that the Chief Executive was adequately briefed on all relevant issues.

### External committees

As part of IPART's role in managing the Energy Savings Scheme, Margaret Sniffin, the General Manager, contributed to the NSW Energy Efficiency Scheme Coordination Working Group.

IPART attends the National Water Commission's inter government working groups established to report on urban and rural water utility performance.

As part of IPART's role in supporting the development of a cost-effective framework for the regulation of recycled water projects, Amanda Chadwick, Director Water has participated in steering committees of the Australian Centre of Excellence in Recycling.

IPART also participated in regular networking and knowledge sharing meetings between the water industry economic regulators.

IPART is a member of the National Recycled Water Regulators' Forum. Meetings are held quarterly to discuss areas of common interest in the technical regulation of water utilities.

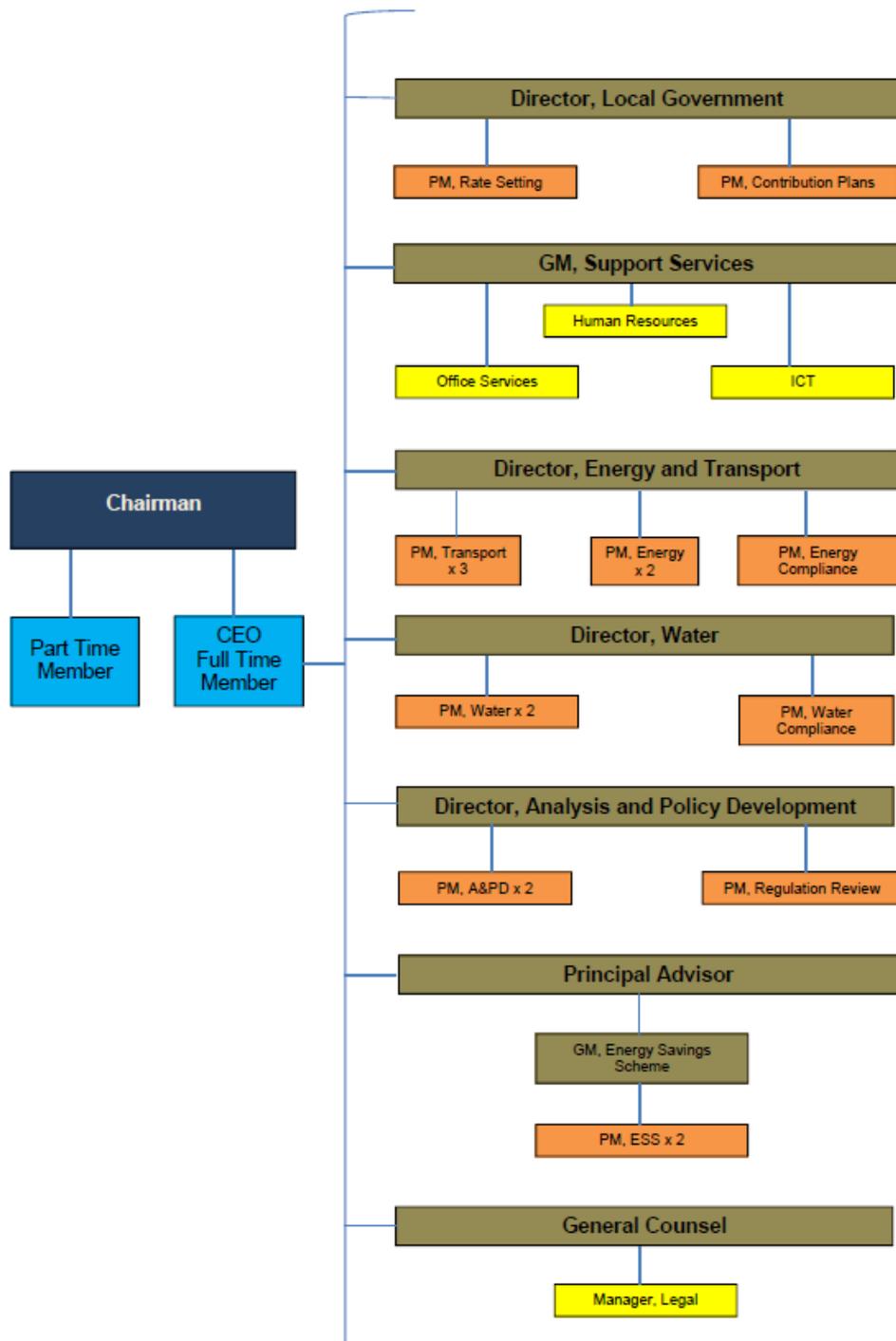
IPART was also represented on a Stakeholder Reference Group established by City of Sydney Council to provide input into the development of a Decentralised Water Master Plan for the City's local government area.

Meryl McCracken represented small agencies on the Treasury Managed Fund Advisory Council and contributed to the University of Sydney's Faculty of Economics and Business Employer Advisory Board.

### **Management Issues – new function in relation Regulation Review**

In 2011, the Government assigned IPART a new regulation review function. This arose from the Government's election commitments to reduce red tape. One of the Government's primary measures is to reduce the regulatory costs to business and the community by 20% by June 2015. The effective start date for this target is September 2011. To assist Departments in achieving this target and meet the goals of *NSW 2021*, the NSW State Plan, IPART is to review the regulatory burden in priority industries. With the approval of Treasury, IPART used some of our cash reserves to commence establishing the new function which formally commences on 1 July 2012. Responsibility for the new function has been assigned to the Director, Analysis and Policy Development.

# Organisation Chart



## Our Corporate Plan

### Purpose and objectives

IPART's purpose is to provide independent regulatory decisions and advice to enhance the economic, social and environmental wellbeing of the people and state of NSW.

Our specific purpose varies with different activities and functions we perform across a range of industries. Overall, we strive to achieve the following goals:

- ▼ Ensure consumers pay fair and reasonable prices for regulated services that reflect the efficient costs of supply
- ▼ Be a key economic and policy think-tank and provide high quality and impartial advice to the NSW Government
- ▼ Encourage regulated services to increase their economic efficiency and maintain or improve their service performance where there is customer willingness to pay
- ▼ Promote secure and sustainable energy and water supplies and reliable public transport services
- ▼ Encourage prudent and efficient investment in water, public transport and local government infrastructure
- ▼ Encourage environmental sustainability
- ▼ Deliver best-practice regulation and promote a consistent, predictable regulatory environment

## Service philosophy

In pursuing our purpose and goals, IPART is guided by a set of principles based on best practice in regulation and the statutory constraints within which we operate:

<b>Thinking Independently</b>	We maintain the independence and impartiality of our decisions from Government and all other stakeholders.
<b>Being Transparent</b>	We make our processes visible and explain our decisions clearly and simply.
<b>Providing consistency</b>	We strive to provide a stable, predictable regulatory environment with no surprises.
<b>Consulting Widely</b>	We consult extensively and effectively with all stakeholders and take their concerns and comments seriously.
<b>Delivering Fair and Balanced Outcomes</b>	We aim for equitable outcomes by balancing the interests of the regulated entities, their customers and other stakeholders.
<b>Being Practical</b>	We aim for pragmatic outcomes that can be achieved without significant costs or operational difficulties.
<b>Driving Excellence</b>	We conduct ourselves with discipline according to high professional standards, and use resources effectively and efficiently.
<b>Fostering Innovation</b>	We explore new and better approaches and demonstrate intellectual leadership.

## Performance against corporate objectives

Throughout this financial year, IPART particularly focussed on meeting 5 core objectives:

1. Demonstrating a fair and transparent process.
2. Applying a rigorous and credible approach to our work.
3. Reaching a reasonable, balanced answer.
4. Pursuing excellence and fostering innovation in our operations.
5. Applying resources to deliver a robust, well run organisation.

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

### 1. Demonstrating a fair and transparent process

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

Progress in following strategies to improve processes in 2011/12 include:

Strategy	Action	Progress to 30 June 2012
Meet regularly with key stakeholders and representative groups to canvas a wide range of views	<ul style="list-style-type: none"> <li>▼ Establish and implement program for meeting with key stakeholder groups</li> </ul>	<ul style="list-style-type: none"> <li>▼ Regular meetings held with key agencies to review issues.</li> <li>▼ Continued working groups with metropolitan water agencies to develop a consistent approach to common issues.</li> <li>▼ Regular meetings held with stakeholders during the various transport reviews.</li> <li>▼ Regular meetings held with energy retailers and other stakeholders as part of the annual review of energy costs and the cost pass through applications.</li> <li>▼ Regular meetings held with solar industry and other stakeholders as part of the review of a fair and reasonable feed-in tariffs.</li> </ul>

Strategy	Action	Progress to 30 June 2012
Encourage and facilitate stakeholder involvement	<ul style="list-style-type: none"> <li>▼ Adopt technology and processes to make participation in reviews easier</li>   <li>▼ Publish timetables for reviews and release discussion papers and draft determinations</li>   <li>▼ Promote timeliness by identifying where the delays occur and minimising the areas of uncertainty for stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▼ Regular meetings with Councils, developers and the Department of Local Government.</li> <li>▼ Periodic meetings with community, business, environment and government groups on IPART's work program.</li> <li>▼ Issues papers encourage stakeholders to email submissions to IPART investigations.</li> <li>▼ On the IPART website, stakeholders can nominate to receive electronic alerts following the release of IPART material relevant to their area of interest.</li> <li>▼ Issues papers, timetables, roundtable papers, draft and final reports are published for all regulatory reviews and the great majority of Section 9 referrals.</li> <li>▼ The new website provides for on-line submissions through forms which prompt the areas in which feedback is sought.</li> <li>▼ Commenced review of customer engagement to establish clearer expectations for customer engagement by regulated businesses and ourselves.</li> <li>▼ Current timetables maintained on website.</li> <li>▼ Timetables clearly state due dates for submissions, public hearings and release of reports.</li> <li>▼ The various transport reviews, and the water planning and management investigations were advertised in local papers.</li> <li>▼ The operating licence for Hunter Water nominates a due date for completion of the annual audit. This same timetable was adopted for all public authority operating licence audits.</li> <li>▼ The Water Industry Competition Act 2006 nominates allowed times for Tribunal actions. When these time limits are likely to be breached the Tribunal is required to inform Minister and other stakeholders of delay with explanation of causes for delay.</li> <li>▼ For the Government radio services review the Government submission was delayed by 2 months. The timetable was extended and reasons were provided. Where an extension of time was sought for further submissions, this was granted.</li> </ul>

Strategy	Action	Progress to 30 June 2012
	<ul style="list-style-type: none"> <li>▼ Measure timeliness by adopting the Council Of Australian Government's proposal of a six month timeframe for regulatory decisions, where practicable</li> </ul>	<ul style="list-style-type: none"> <li>▼ Timeliness KPI now included in the service delivery performance indicators.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Continue to hold public workshops, roundtables and hearings</li> </ul>	<ul style="list-style-type: none"> <li>▼ Public hearings/workshops/roundtables held for most investigations.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Review ways of taking our message to regional areas</li> </ul>	<ul style="list-style-type: none"> <li>▼ Public hearings held in rural areas for the rural water charging arrangements and the review of the revenue framework for local government.</li> <li>▼ Release of issues papers for investigations affecting rural communities advertised in rural press.</li> <li>▼ For the domestic waterfront tenancies review, we ensured media in affected postcodes in regional areas received our media release advising the publication of our Issues Paper.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Develop 'fact sheets' to communicate key decisions in a more accessible form</li> </ul>	<ul style="list-style-type: none"> <li>▼ Fact sheets are available on the IPART website for all current IPART price determinations and for other IPART reviews.</li> <li>▼ The GGAS website includes a wide range of detailed Guides to assist businesses applying for accreditation.</li> <li>▼ The new ESS website included Guides and Fact Sheets setting out information requirements for new participants.</li> <li>▼ Published timetables for all investigations and regularly updated timetables on website.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Articulate the information IPART requires from businesses and agencies it regulates</li> </ul>	<ul style="list-style-type: none"> <li>▼ Early written advice given to regulated agencies on the nature of information required for pricing reviews, the timetable, and the desired format in which key data should be provided.</li> <li>▼ Published guidelines to assist metropolitan water utilities to provide complete and accurate submissions that support stakeholder participation</li> <li>▼ IPART financial models provided to regulated agencies to standardise data requests and formulae used in financial analysis.</li> <li>▼ A generic financial model was released on IPART's website to assist interested parties to understand how IPART's cost and pricing models typically work.</li> </ul>

Strategy	Action	Progress to 30 June 2012
Explain IPART's decision making processes and its rationale for decisions	<ul style="list-style-type: none"> <li>▼ Seek the views of the "average" customer</li> </ul>	<ul style="list-style-type: none"> <li>▼ Public hearings/workshops were held for all IPART pricing investigations.</li> <li>▼ IPART undertakes surveys of household use of energy, water and some transport services.</li> <li>▼ IPART progressed a detailed customer engagement review.</li> <li>▼ Issues papers and reports undergo quality assurance, legal review and editing to ensure that they are accurate, comply with the law and clearly explain the Tribunal's decisions with supporting reasons.</li> <li>▼ Decision-making process was explained in issues papers and reports.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Explain decision-making processes through issues papers and reports</li> </ul>	
Seek feedback on stakeholder perceptions of IPART's integrity, processes, and quality of work	<ul style="list-style-type: none"> <li>▼ Survey stakeholder perceptions every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>▼ The stakeholder survey was repeated in 2010 and will be undertaken again in 2012/2013.</li> </ul>

## 2. Applying a rigorous and credible approach to our work

IPART's focus on enhancing the quality of its work and the rigour of its processes was reinforced by the latest survey which improved on already satisfactory ratings. The 2010 survey indicated that stakeholders have a high level of respect for the professionalism of IPART's staff.

These highlights from 2011/12 illustrate the strategies being followed in this area:

Strategy	Action	Progress to 30 June 2012
Continually improve internal processes	<ul style="list-style-type: none"> <li>▼ Implement information management strategy</li> <li>▼ Document a 'whole-of-organisation' work program to identify peaks in resource demand to assist in planning</li> <li>▼ Avoid matters returning to the Tribunal by establishing issues and principles early</li> </ul>	<ul style="list-style-type: none"> <li>▼ Developed and implementing enhanced project management processes to ensure that Tribunal has 'big picture' up front.</li> <li>▼ Forward Tribunal and Committee agendas as well as report release dates provide a detailed program for the year ahead.</li> <li>▼ At commencement of a review, the Tribunal is advised of proposed timetable and major issues for decision to enable the Tribunal to assign priorities and indicate information required for decision making.</li> <li>▼ Scoping briefs and objectives established for all reviews.</li> </ul>

Strategy	Action	Progress to 30 June 2012
	<ul style="list-style-type: none"> <li>▼ Continue cross-sectoral research program to improve consistency and quality of analysis</li> <li>▼ Subject all major projects to post-completion review</li> <li>▼ Develop library/information supply service</li> </ul>	<ul style="list-style-type: none"> <li>▼ Cross-sectoral program has been embedded into IPART's core business. All projects are monitored by Tribunal.</li> <li>▼ All major projects are subject to post-completion reviews by the Tribunal.</li> <li>▼ IPART committed to new on-line subscription services and invested in additional resources.</li> </ul>
Draw on appropriate external experts	<ul style="list-style-type: none"> <li>▼ Employ external resources for supplementary specialist skills (eg, engineering) and manage peaks in workload</li> <li>▼ Make better use of consultants by encouraging knowledge transfer during the engagement</li> </ul>	<ul style="list-style-type: none"> <li>▼ Engineering specialists engaged for operating licence audits. Economic consultants engaged to assist with work peaks and specialist knowledge.</li> <li>▼ Where appropriate, consultants were accommodated in IPART offices to work as part of project teams for the purpose of knowledge transfer.</li> <li>▼ IPART staff participated in meetings between consultants and agencies in the audit of performance against operating licences as part of the process of skilling IPART staff to take a more hands-on, proactive audit role.</li> <li>▼ Expert advice on energy wholesale markets was obtained.</li> </ul>
Apply high standards of ethical and professional work standards	<ul style="list-style-type: none"> <li>▼ Ensure protection of confidential data consistent with statutory requirements</li> <li>▼ Promote professional standards and behaviour policy</li> </ul>	<ul style="list-style-type: none"> <li>▼ Personal contact details removed from public submissions prior to publishing. Commercial in confidence status was assigned to data where requested by stakeholders, subject to IPART Act and GIPA Act.</li> <li>▼ Policy document on required standards of behaviour is accessible to all staff via the internal Intranet. Managers are required to model professional standards and behaviour at all times</li> <li>▼ A new policy for Public Interest Disclosure was introduced to staff through participative workshops.</li> </ul>
Improve internal analytical capacity through recruitment and development practices	<ul style="list-style-type: none"> <li>▼ Recruit suitable graduates to support IPART's work program</li> <li>▼ Broaden the skills base</li> </ul>	<ul style="list-style-type: none"> <li>▼ New graduates to be recruited in the new reporting period.</li> <li>▼ Skills development is identified through the performance management system for each staff member and further defined by an agreed development plan.</li> </ul>

Strategy	Action	Progress to 30 June 2012
	<ul style="list-style-type: none"> <li>▼ Promote staff development</li> </ul>	<ul style="list-style-type: none"> <li>▼ Skill based training is conducted in-house on a regular basis. Projects are assigned with regard to identified development needs.</li> <li>▼ Employees are encouraged to build on existing skill levels for organisational and personal advancement. This includes opportunities for secondment, acting in higher duties or allocation of special projects.</li> </ul>
Apply quality assurance process to outputs	<ul style="list-style-type: none"> <li>▼ Consider QA controls early in the review process</li> <li>▼ Maintain a designated QA manager</li> </ul>	<ul style="list-style-type: none"> <li>▼ QA undertaken for all reviews.</li> </ul>

### 3. Reaching a reasonable, balanced answer

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

The following table provides a summary of the implementation of IPART's strategic commitments in 2011/12:

Strategy	Action	Progress to 30 June 2012
Monitor developments in other jurisdictions	<ul style="list-style-type: none"> <li>▼ Participate in Australian Regulators Forum</li> <li>▼ Research and monitor developments in other regulatory regimes</li> <li>▼ Collaborate with other regulators in research activity, including developing joint research programs</li> <li>▼ Participate in seminars/conferences</li> </ul>	<ul style="list-style-type: none"> <li>▼ Attended and presented at all Regulator Forum meetings</li> <li>▼ Developments in Australia monitored on an ongoing basis.</li> <li>▼ There was considerable interchange of work on industry developments with other jurisdictional regulators.</li> <li>▼ Various staff members have attended seminars/conferences as presenters and attendees.</li> <li>▼ Attended inter-jurisdictional energy transport and water regulators' meetings.</li> </ul>
Monitor and report on impacts of Tribunal decisions to ensure they have no unintended consequences	<ul style="list-style-type: none"> <li>▼ Analyse and report on the cumulative impacts of the Tribunal's decisions</li> </ul>	<ul style="list-style-type: none"> <li>▼ See "Impacts of IPART's Determinations"</li> </ul>

Strategy	Action	Progress to 30 June 2012
Provide more reasoned explanations of decisions	<ul style="list-style-type: none"> <li>Continue to develop report writing skills</li> </ul>	<ul style="list-style-type: none"> <li>Training to improve staff writing skills offered to individuals or teams on a needs basis. In house training for new starters and graduates is organised on an annual basis.</li> </ul>
Hold peer reviews	<ul style="list-style-type: none"> <li>Hold peer reviews regularly</li> </ul>	<ul style="list-style-type: none"> <li>Increased frequency of peer reviews.</li> </ul>

#### 4. Pursuing excellence and fostering innovation in our operations

IPART's commitment to excellence and fostering innovation has led to an increased diversity of subject matter in government referrals and more social policy work.

IPART's strategic response to some of these issues in 2011/12 follows:

Strategy	Action	Progress to 30 June 2012
Continue to research and adopt improved regulatory techniques and approaches	<ul style="list-style-type: none"> <li>Interpret statutory requirements and ensure compliance</li> <li>Liaise carefully on any scope and terms of reference before work is accepted</li> <li>Make better use of the Tribunal's expertise by planning the time between reviews and reference to delegated Tribunal meetings</li> <li>Use informal Tribunal meetings when exploring new ground and not making a decision</li> <li>Conduct internal training sessions to facilitate transfer of skills between staff.</li> <li>Review regulatory processes</li> </ul>	<ul style="list-style-type: none"> <li>IPART's in-house legal team carefully reviews the Tribunal's decisions.</li> <li>Where possible, IPART suggested changes to draft Terms of Reference for greater clarity of task and associated timelines.</li> <li>Cross-sectoral research and policy program instituted to ensure continuing best-practice in the execution of the Tribunal's regulatory functions. Engaged expert peer review of various discussion papers</li> <li>A more structured approach to the Tribunal's forward agenda has streamlined the decision making process.</li> <li>Detailed planning is undertaken for all reviews.</li> <li>Informal meetings are undertaken on an ad hoc basis for reviews.</li> <li>A number of training and skills sessions on best-practice modelling and IPART-specific use of Excel, Word and Powerpoint were held.</li> <li>Administrative processes were streamlined for the Energy Savings Scheme.</li> </ul>

Strategy	Action	Progress to 30 June 2012
Do more to communicate key decisions clearly and simply	<ul style="list-style-type: none"> <li>▼ Invest resources in communication</li> <li>▼ Include a communications strategy in the scoping brief for major projects</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART re-wrote all of the web content for the average consumer to simplify and clarify our role.</li> <li>▼ The report writing guidelines were extensively revised.</li> <li>▼ Staff were trained in clear writing techniques.</li> <li>▼ IPART continued to prepare “plain English” summaries of key decisions.</li> <li>▼ Communications strategies were incorporated in several major reviews.</li> </ul>

## 5. Applying resources to deliver a robust, well run organisation.

IPART’s program of continuous improvement is based on a commitment to best practice, on-going staff development, collaboration, sector-wide government initiatives and the use of technology.

Examples of strategies implemented in the reporting period include:

Strategy	Action	Progress to 30 June 2012
Review profile of workforce to match skill set with organisational needs	<ul style="list-style-type: none"> <li>▼ Staff rotation – integrate rotation with Performance Enhancement System (PES) reviews</li> <li>▼ Identify critical roles and critical skills for succession planning</li> </ul>	<ul style="list-style-type: none"> <li>▼ Individual’s skills and experience are reviewed when new programs or functions are introduced. Managers identify staff potential and encouraged to support skill development.</li> <li>▼ Lateral transfers to industry teams are supported to meet project peaks and match skill requirements.</li> <li>▼ The needs and skills of the organisation are regularly reviewed to ensure-critical skills are retained, or developed.</li> </ul>
Become preferred employer by offering a safe workplace, development opportunities and family friendly work practices	<ul style="list-style-type: none"> <li>▼ Reward staff for outstanding performance and to improve staff retention</li> <li>▼ Support flexible working conditions</li> </ul>	<ul style="list-style-type: none"> <li>▼ Development opportunities, are encouraged to enhance and motivate individual performance . Personal and market retention allowances are used to reward consistent and high level performance.</li> <li>▼ IPART offers part-time work and working from home arrangements.</li> <li>▼ The SAP flexi time recording and reporting systems enable the monitoring and reporting of agency leave.</li> </ul>

Strategy	Action	Progress to 30 June 2012
Provide systematic training and other skill building opportunities for staff	<ul style="list-style-type: none"> <li>▼ Actively engage staff in workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>▼ Staff views were canvassed about the consultancy process for work safety in line with legislative requirements.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Provide training that meets individual and organisational needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ Managers and individuals agree on training needs through performance management. The agency's staff development policy includes a generous training cap to promote a learning organisation and encourage continuous personal development.</li> </ul>
Work with other public sector agencies to achieve economies of scale	<ul style="list-style-type: none"> <li>▼ Collaborate with other agencies in procurement and technology initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▼ IPART uses the whole of government web-based e-tendering system.</li> </ul>
Continuously improve systems and services	<ul style="list-style-type: none"> <li>▼ Ensure corporate services are effective, cost efficient and meet the needs of the agency</li> </ul>	<ul style="list-style-type: none"> <li>▼ Ongoing upgrades and updates of infrastructure environment; such as upgrades to backup system and expansion of existing infrastructure to accommodate growth.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Develop electronic business processes</li> </ul>	<ul style="list-style-type: none"> <li>▼ Conducted a number of software upgrades, such as MS Office 2010.</li> <li>▼ Development of customised databases to facilitate business processes.</li> <li>▼ A temporary website developer was appointed.</li> </ul>
Embrace Government commitment to electronic service delivery	<ul style="list-style-type: none"> <li>▼ Provide all appropriate publications and transactions on the internet</li> </ul>	<ul style="list-style-type: none"> <li>▼ Two new websites were launched, <a href="http://www.ipart.nsw.gov.au">www.ipart.nsw.gov.au</a> and <a href="http://www.ess.nsw.gov.au">www.ess.nsw.gov.au</a></li> <li>▼ Online submissions functionality was launched.</li> <li>▼ Post go live content users were trained and outstanding issues resolved.</li> <li>▼ Current website continued to grow with new areas such as the Red Tape review project.</li> </ul>
Make the website easier to understand and navigate	<ul style="list-style-type: none"> <li>▼ Enhance the capacity of the website to meet stakeholder communication needs</li> </ul>	<ul style="list-style-type: none"> <li>▼ A revised consumer section was added to the homepage, for quicker access to consumer content.</li> <li>▼ Accessibility was reviewed.</li> </ul>
Make effective use of equipment and systems	<ul style="list-style-type: none"> <li>▼ Undertake planning in relation to allocation of equipment and resources</li> </ul>	<ul style="list-style-type: none"> <li>▼ New database continued to be developed for water licensing.</li> </ul>

## Key performance indicators

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

Planned Result	Result Indicators	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Estimate
Intermediate result:						
▼ Independent oversight of prices for energy, transport and water services	▼ Graph of real cost to public over time	2008/09 Annual Report	2008/09 Annual Report	2010/11 Annual Report	See "Impacts" section in 2011/12 Report	See "Impacts" section in 2012/13 Report
	▼ Graph of real cost to businesses over time	"	"	"	"	"
	▼ Perceived quality of leadership – practical outcomes and independence (expressed as % from stakeholder survey)*	95%	82%	No new survey data	No new survey data	85%
Intermediate result:						
▼ Suppliers of energy and water meet licence obligations	▼ Acceptance by Ministers of annual water and energy audit/licence compliance reports	6 reports	6 reports	12 reports	11 reports	11 reports
▼ CO2 reduction targets are monitored and enforced	▼ Net tonnes per capita CO2 emissions in NSW from electricity usage (allowing for offset credits)	7.27	7.27	7.27	7.27	(Scheme closed)

## Planned service delivery

Services delivered	Service measures	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Estimate
<b>1. Licence monitoring</b>						
Key services:						
▼ Monitoring of water licences	▼ Acceptance by Minister of annual water audit reports	4 reports	6 reports	5 reports	5 reports	5 reports
▼ Monitoring of energy licences	▼ Acceptance by Minister of annual energy compliance audit reports	2 reports	10 reports	2 reports	2 reports	2 reports
▼ Administrator of Greenhouse Gas Reduction Scheme	▼ # of accredited abatement projects (per year)	16	24	3	0	0 (Scheme closed)
	▼ # of abatement certificates registered (per year)	21.5m	18.3m	19.5m	24.5m	(Scheme closed)
▼ Administration of Energy Savings Scheme	▼ # of accredited energy savings projects	-	49	29	30	42
	▼ # of energy savings certificates registered (per year)	-	.43m	.8m	1 m	1.8m
<b>2. Pricing of water, transport, energy and other reviews</b>						
Key services:						
▼ Wide consultation on issues	▼ Perceived quality of consultation processes (expressed as % from stakeholder survey)	94%	88%	No new survey*	88%	88%
▼ Rigorous process of review	▼ Perceived professionalism of staff (expressed as % from stakeholder survey)	99%	93%	No new survey	93%	93%
	▼ Perceived timeliness of decision-making processes	83%	88%	No new survey*	88%	88%

Services delivered	Service measures	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Estimate
	▼ Number of projects completed					
	– within 6 months	5	12	13	17	10
	– within 12 months	4	10	36	11	14
	– over 12 months	2	3	5	3	4
	▼ # of public hearings, forums and workshops	9	19	9	24	20
	▼ # of papers and reports (Total)	53	59	98	94	90
	– major	25	44	71	68	65
	– minor	28	15	27	26	25
<b>3. Regulation of local council rates and contribution plans (commenced 1 July 2010)</b>						
▼ # of special rate variations and minimum rate variations determined for the next year	n/a	n/a	n/a	23	32	20
▼ # of contributions plans reviewed				3 in progress at 30 June 2011	5	6
<b>4. Referred reviews</b>						
▼ Terms of reference are met	▼ Relevant Minister's broad acceptance of report and recommendations	7 reports	5 reports	2 reports	10 reports	6 reports

## Impacts of IPART's Determinations

### Introduction

IPART regulates the prices of a number of essential infrastructure services, including water, retail electricity and gas as well as public transport services.

Prices for the essential services that IPART regulates have risen in recent years. The rises in water and electricity prices have been particularly significant. Over the period 2007/08 to 2011/12, water and electricity prices have increased by an annual average of 7.8%<sup>1</sup> and 11% respectively in real terms, that is, excluding inflation.

Over a longer period of time, since IPART's establishment in 1992, the growth in household charges has been more in line with the growth in average weekly earnings.

The analysis below covers the period to June 2012. Further increases in regulated prices have been determined since then, including increases arising from the carbon pricing regime from 1 July 2012.

### Household Charges Index

IPART's Household Charges Index (HCI) measures the weighted average change in the prices of the essential infrastructure services we regulate,<sup>2</sup> where the weights are derived from Australian Bureau of Statistics (ABS) data on household expenditure on electricity, gas, water and public transport (rail, bus and ferry services).<sup>3</sup>

The HCI measures changes in the regulated unit prices of the essential services (not the change in customer bills) for residential customers. The HCI assumes fixed quantities of consumption for each essential service, and does not allow for any discounting of the regulated prices that utilities may offer.

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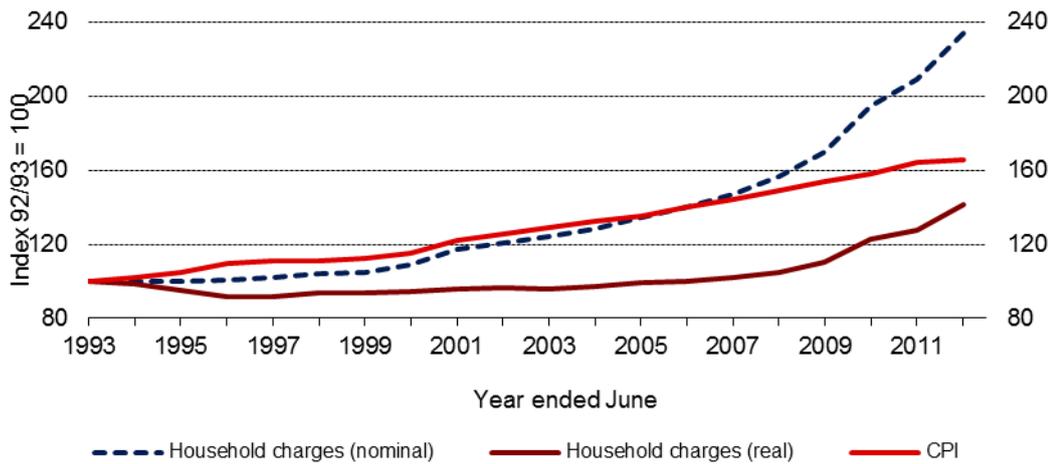
<sup>1</sup> This increase refers to Sydney Water customers. Over the same period Hunter Water's customers have experienced a 5.9% annual average real increase in household charges.

<sup>2</sup> IPART also regulates local government rates, but these are excluded in the analysis of the HCI, which only considers infrastructure services.

<sup>3</sup> We are currently using weightings from the 2009/10 Household Expenditure Survey (Sydney households): electricity 51.7%, water 21.4%, gas 10.8% and public transport 16.1%.

In 2011/12, the HCI increased by 10.6% in real terms, that is, excluding inflation. Since 1992/93, the HCI has risen a cumulative 41.2% (see Figure 1) in real terms. The average annual rise since 1992/93 has been 1.8% in real terms, although much of the rise has been concentrated in the past 4 years.

**Figure 1 Household Charges Index and the CPI, 1992/93 to 2011/12**



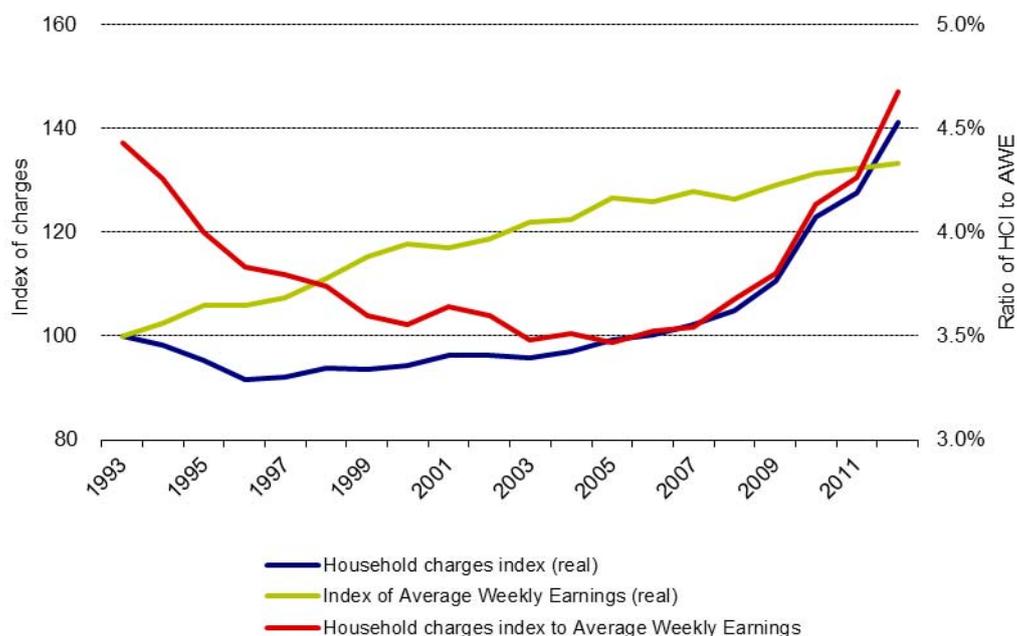
Source: IPART.

During the 1990s, the HCI generally rose more slowly than inflation. By 2005/06, household charges in real terms were back to their 1992/93 levels before increasing due to greater cost pressures.

Figure 2 shows the growth in IPART-regulated service charges (the HCI) and Average Weekly Earnings (AWE) over the period 1992/93 to 2011/12, and the ratio of the HCI to the AWE over time.

The ratio of IPART-regulated prices to AWE is 4.7% in 2011/12, which is slightly higher than 4.4% in 1992/93. However, the ratio declined for many years before it bottomed-out around 2004/05. Since 2007/08, the ratio has increased sharply as service price rises have been greater than the increase in AWE.

**Figure 2 Household Charges Index and Average Weekly Earnings**



Source: IPART calculations, ABS 6302.0.

## Household charges for residential customers by industry

For each industry, we report nominal price changes for 2011/12 and provide a longer run analysis of price changes in real terms.

### Energy

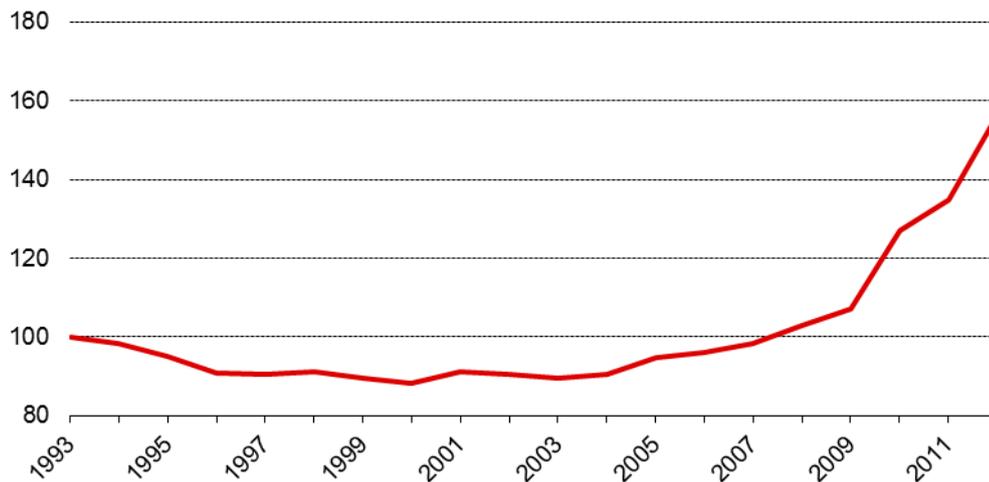
**Electricity** prices that retailers were able to charge from July 2011 increased by an average of 17.3% (nominal) across all regulated customers in NSW.<sup>4</sup>

The main reason for the price increases was the increased costs that the retailers incurred in transporting electricity across the poles and wires (network costs). This added 9 percentage points to retail prices from July 2011. The network costs that must be paid by the retailers are the largest part of the electricity bill and have increased significantly in recent years. The Australian Energy Regulator sets the network costs that the retailers pay.

<sup>4</sup> 'Nominal' means the effects of inflation are included in the price change discussed, whereas 'real' means the effects of inflation are excluded in the price change discussed.

The costs the retailers incur in complying with government green schemes also increased rapidly, adding 6 percentage points to prices on 1 July 2011.<sup>5</sup>

**Figure 3 Index of regulated residential electricity prices (real)**



**Note:** Excludes price discounting by retail suppliers.

**Source:** IPART.

Regulated electricity prices in real terms were slightly higher for households in 2007/08 than they were in 1992/93 but they have risen sharply since to be 56.2% higher in 2011/12 than they were in 1992/93 (Figure 3). As we have discussed in our annual price reviews, these price increases have been primarily driven by increases in network costs due to large investments in capital and government green schemes.

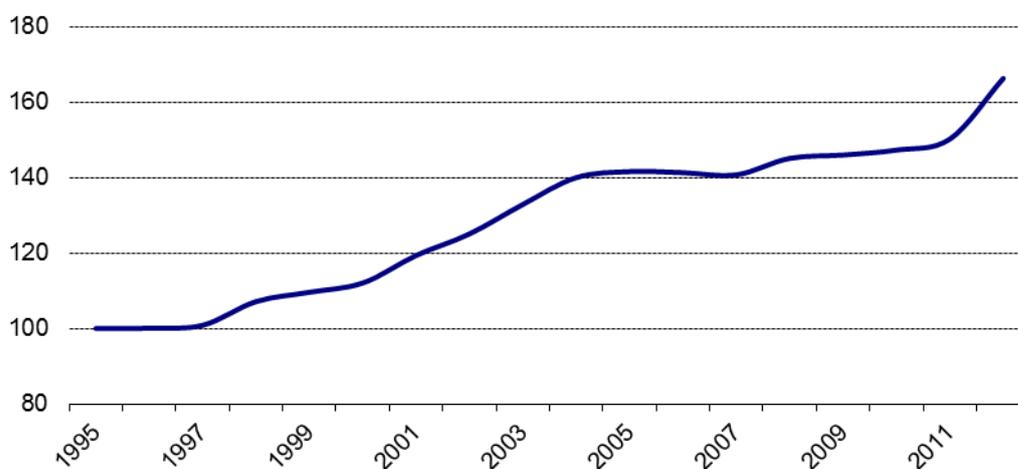
**Gas** prices that a typical AGL retail customer, consuming around 20GJ pa, faced from July 2011 increased by 12% (nominal).<sup>6</sup>

However, other customers, in particular small users (around 5GJ) and large users (around 40GJ) faced smaller increases in tariffs of 1% and 5% (nominal), respectively, in 2011/12. This reflected a substantial change in the tariff structure by Jemena, the gas network owner in NSW.<sup>7</sup>

<sup>5</sup> IPART, *Changes in regulated electricity prices from 1 July 2011*, Consumer Summary, June 2011, p 2. The government green schemes do not include the carbon price mechanism which comes into effect in 2012/13.

<sup>6</sup> IPART calculations assuming a typical customer consumes 20GJ of gas. The majority of NSW gas customers are in AGL's retail area. Consumption for a typical residential customer occurs in the first 2 consumption blocks.

<sup>7</sup> IPART, *Fact Sheet - Regulated retail gas tariffs and charges from 1 July 2011*, 20 June 2011 p 2.

**Figure 4** Index of residential gas prices for AGL customers (real)

**Note:** Figure 4 shows gas price changes for typical AGL customers only (around 20 GJ of usage). The gas price index for residential customers begins in 1994/95.

**Source:** IPART.

Gas price regulation commenced from 1995/96. The gas price index we use is calculated for a typical AGL gas customer using 20GJ of gas per year (a medium level of usage). This index is shown in Figure 4. Residential gas prices increased sharply between 1996/97 to 2004/05 and again in the past year when the gas price index increased sharply, to be 66.4% higher in real terms than in 1994/95. The recent spike in the gas price index for a typical customer is due to the change in tariff structure by the network owner, as discussed above.

## Water

**Sydney Water's** prices for water and sewerage services increased by 5.8% in 2011/12 for a typical household in Sydney, Illawarra or the Blue Mountains.<sup>8</sup> The higher prices cover the costs of major projects to increase Sydney's water supply, including the desalination plant and a large recycling scheme in Western Sydney.<sup>9</sup>

<sup>8</sup> IPART calculations, assuming a typical household uses 200 kilolitres of water a year, excluding average property charges. The same approach has been used for Hunter Water and Gosford and Wyong Council.

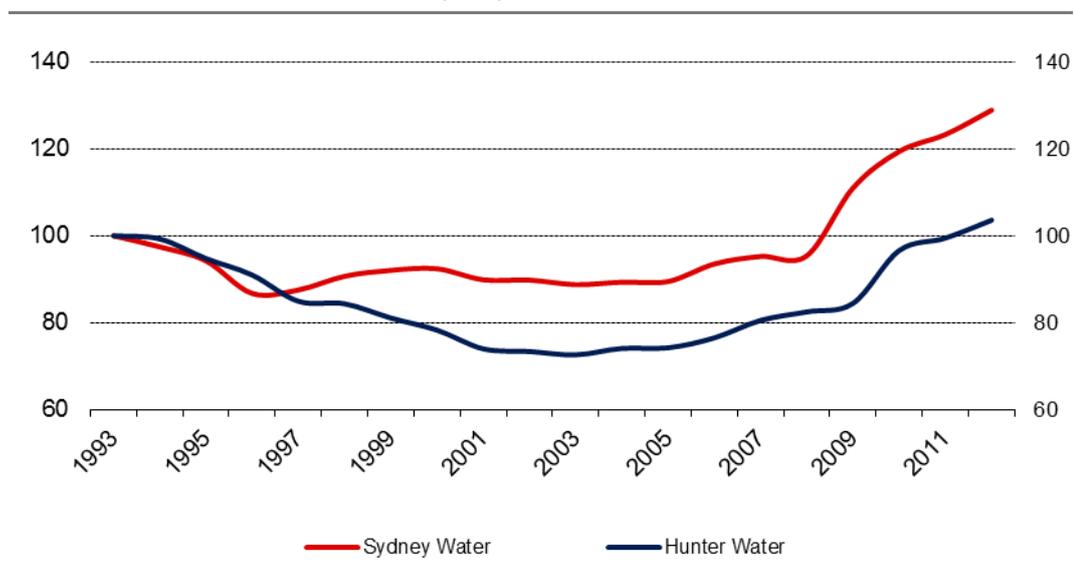
<sup>9</sup> IPART, *Final Report - Review of Prices for Sydney Water Corporation's Water, Sewerage, Stormwater and Other Services*, June 2008, p 5.

**Hunter Water's** prices for a typical household for water and sewerage services increased by 5.4% in 2011/12. However, prices in the previous year were affected by the service charge reduction and refund for Tillegra Dam contributions (for 2009/10 and 2010/11) being applied in the 2010/11 financial year.<sup>10</sup>

**Gosford and Wyong Councils'** prices for water, sewerage and drainage services increased by 5.5% and 4.3% respectively, in 2011/12. The price increases were necessary to improve water security on the Central Coast. These included:

- ▼ constructing the Mardi to Mangrove pipeline
- ▼ undertaking a suite of works at Mardi Dam
- ▼ undertaking water mains and sewerage renewal projects in Gosford and Wyong, and
- ▼ improving the financial sustainability of the water businesses of Gosford and Wyong Councils.<sup>11</sup>

**Figure 5 Indices of residential water and sewerage charges for Sydney and Hunter Water (real)**



Source: IPART.

<sup>10</sup> IPART, *Charges for Hunter Water Customers, Refund to Customers and Adjustment to Charges Resulting from the Decision not to Proceed with Tillegra Dam*, January 2011, p 1.

<sup>11</sup> IPART, *Determinations and Final Report - Gosford City Council and Wyong Shire Council, Prices for Water, Sewerage and Stormwater Drainage Services from 1 July 2009 to 30 June 2013*, May 2009.

Residential water prices have increased significantly in real terms for Sydney Water customers since 2007/08 (Figure 5). Overall, a residential customer of Sydney Water who uses 200kL of water each year would have typically paid 28.8% more for water and sewerage services in 2011/12 than in 1992/93 in real terms.<sup>12</sup>

Hunter Water customers have also experienced similar price increases in recent years (Figure 5). However, in real terms, a residential customer of Hunter Water would be paying 3.6% more for water and sewerage services in 2011/12 than they were in 1992/93.

### Public transport

In December 2011, the Government decided to increase public transport fares by an average of 5.4%. These increases apply to fares for CityRail, metropolitan and outer metropolitan bus<sup>13</sup> and Sydney Ferries services.<sup>14</sup> This compared to allowed increases of 10.6% for rail fares under our CityRail determination and 9.2% for bus fares under our bus determination.<sup>15</sup> The 5.4% increase allowed for CPI increases in 2010 and 2011, as these fares had not been adjusted since April 2010. We estimated that the cost to Government of only applying CPI increases would be \$46.6 million in 2012.<sup>16</sup>

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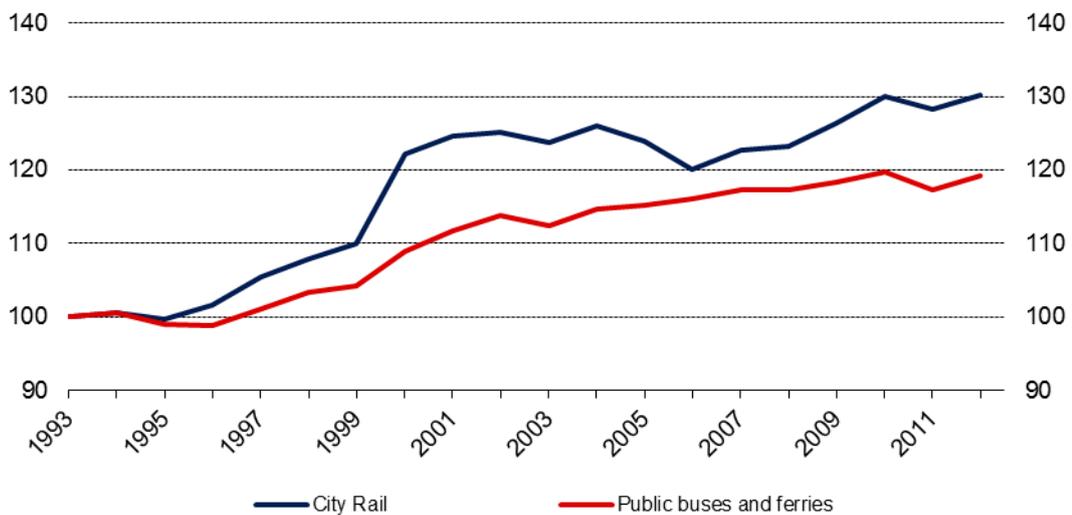
<sup>12</sup> Previous annual reports calculated the index for a customer using 220kL of water each year so that the Metropolitan Water indices in this report are not strictly comparable to the indices in previous IPART annual reports.

<sup>13</sup> Outer metropolitan regions include the Blue Mountains, Hunter, Newcastle and Wollongong.

<sup>14</sup> Transport for NSW, *Media Release - Public transport fare rises half IPART's recommendation*, 15 December 2011, p 1. Transport for NSW advised that a 5.55% increase was applied to existing ticket prices and these prices then rounded to the nearest \$0.20 for single rail tickets, \$1.00 for longer-term tickets and \$0.10 for single bus and ferry tickets. This resulted in a weighted average increase of 5.4% based on the sales volumes of different ticket types.

<sup>15</sup> Fares for Sydney Ferries' services are set under the relevant ferry service contract until we make a new determination later this year.

<sup>16</sup> See IPART, *CityRail and Metropolitan and Outer Metropolitan Bus Services: Prices and Services Report 2011*, December 2011, p 7.

**Figure 6** Indices of public transport fares (real)

Source: IPART.

Since 1992/93, CityRail fares have increased by 30% in real terms and public bus and ferry fares increased by 19.1%. Public transport prices rose considerably between 1992/93 and 2000/01. Since then, rail fares have increased modestly in real terms by 4.6% and bus and ferry fares have increased by 5.5% (Figure 6).

Public transport fares recover only part of the costs of providing the services. The remaining revenue required is met from the State Budget. In Sydney, fares now cover less than a quarter of the cost of providing rail services and less than a third of the cost of providing bus services.

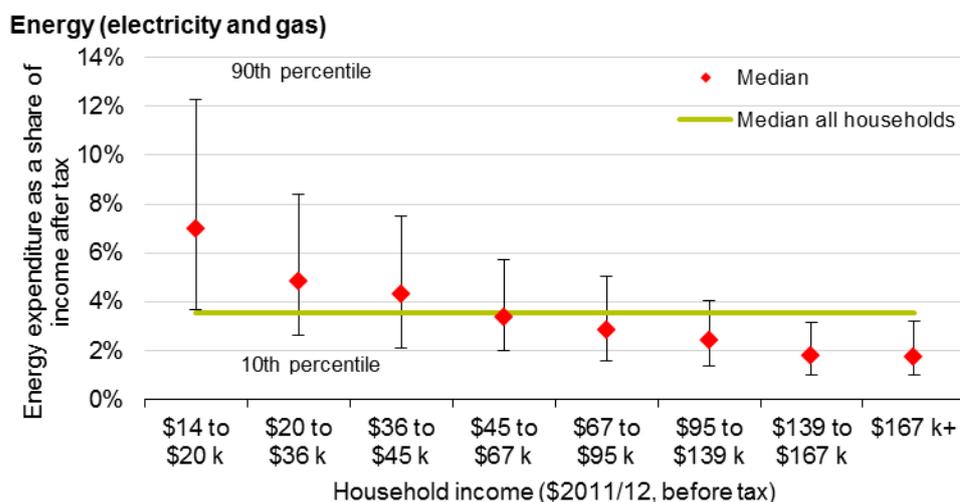
## The distributional effects of IPART's pricing decisions

### Household bills

The Household Charges Index measures price changes for 'typical or representative' households. The actual cost incurred by specific households depends on a number of factors, the most important of which are: how much of each service is consumed, the cost of providing the service and whether the household qualifies for pensioner rebates/discounts.

Figure 7 below shows annual spending on energy by residential customers as a share of their disposable income in 2011/12. Lower income households tend to spend a higher proportion of their disposable income on an essential service such as energy compared to higher income households.

**Figure 7 Annual spending on energy as a share of disposable household income – Sydney and surrounding regions, 2011/12**



**Note:** The income for the middle of each band is used to calculate disposable income. Disposable income as a share of household income is derived from ABS household income distribution data for 2009/10. Income for each band is inflated to 2010/11 using the change in average weekly earnings. Income forecasts for 2011/12 use NSW Treasury's forecast increase in the average wage index of 3.5%. Distributions are presented without weighting survey responses. Customer bills are net of the Low Income Household Rebate.

A **percentile** is the value below which a certain percentage of observations fall. For example, the 10th percentile is the value below which 10% of the observations may be found. In the above diagram, 10% of customers in each income band would fall below the bottom of the vertical line (paying less than that amount) and 10% of customers would pay more than the top of the vertical line.

**Data source:** IPART Household Surveys, 2008 and 2010.

The median household in the lowest income bracket spends about 4 times more as a proportion of their disposable income than do the median households in the top 2 income brackets. Additionally, the range around these median estimates is wider for lower income households. For example, some low income households are paying about 12% of their disposable income on energy.

From 1 July 2011, the Low Income Household Rebate provided by the NSW Government increased from \$145 per year to \$200 per year.<sup>17</sup> The rebate helps offset the cost of both gas and electricity, but is paid through the electricity bill.

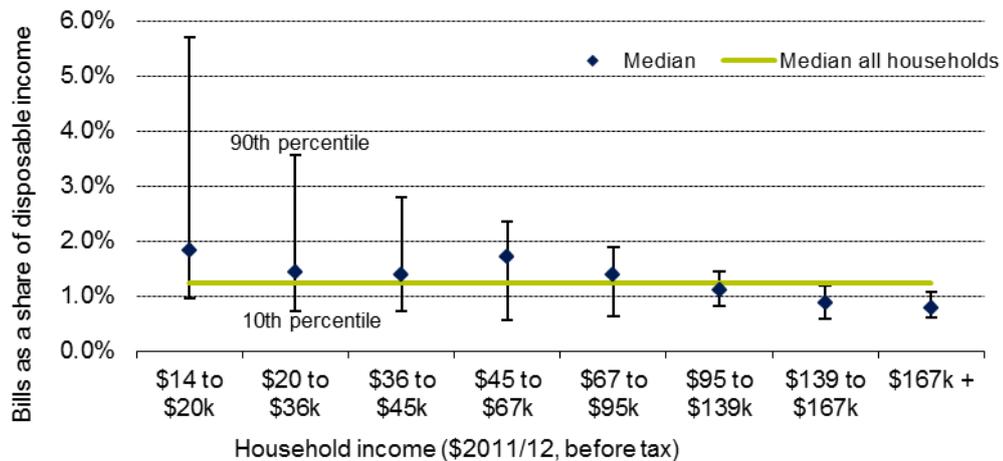
Figure 8 shows household spending on water services as a proportion of disposable income in 2011/12.<sup>18</sup> Similar to Figure 7, lower income households spend a higher proportion of their disposable income on this essential service. Median spending as a proportion of disposable income is higher than the average for all households except for the three highest income household groups.

<sup>17</sup> IPART, *Final Report - Changes in regulated electricity retail prices from 1 July 2011*, June 2011, p 136.

<sup>18</sup> Figure 8 includes all owner households regardless of whether they receive a concession or not.

However, what is noticeable from Figure 8 is that the median household in the \$45,000-\$67,000 bracket pays a higher proportion of their disposable income on water services compared to households with income either above or below. It appears households in this income range may appear to lose some of the concessions available to other income groups.

**Figure 8 Water and sewerage bills as a proportion of disposable income – Sydney Water**



**Data source:** IPART's household survey analysis, 2011.

The Government funds rebates for pensioner customers of Sydney Water. From 1 July 2011 the rebates were 100% of fixed water service charges per quarter to a maximum of \$36.22 (being the water service charge for a 20mm meter), 83% of the sewerage service charge and 50% of the stormwater drainage service charge.<sup>19</sup> Pensioners in the Gosford and Wyong areas can receive a rebate of \$175 per year on their water bills from their Councils.<sup>20</sup> Pensioner customers of Hunter Water can receive a State Government rebate of \$239 in 2011/12, and where applicable, Hunter Water also waives the Environmental Improvement Charge (EIC) for pensioners.<sup>21</sup>

<sup>19</sup> Sydney Water, Concessions and Rebates from 1 July 2011 to 30 June 2012.

<sup>20</sup> IPART, *Determinations and Final Report - Gosford City Council and Wyong Shire Council, Prices for Water, Sewerage and Stormwater Drainage Services from 1 July 2009 to 30 June 2013*, May 2009, p 147.

<sup>21</sup> See Hunter Water's website, pensioner rebates.

## Household case studies

As in previous Annual Reports, we have calculated the bills for three different hypothetical households to illustrate the effects of consumption levels and pensioner rebates/discounts. The assumed household characteristics are listed in Table 1. They are:

- ▼ household 1 is an 'average' household that uses public transport on a regular basis
- ▼ household 2 is a 'low' consumption household that also uses public transport
- ▼ household 3 is a household with the same level of consumption as household 2 (including public transport), but is eligible for pensioner rebates and discounts.

To calculate typical bills, we assumed certain levels of consumption and that all households are supplied by EnergyAustralia for electricity, AGL for gas and Sydney Water for water and sewerage, and travel by rail or STA bus.

**Table 1 Assumed characteristics of 'typical' households<sup>a</sup>**

	Household 1	Household 2	Household 3
	Average consumption	Low consumption	Low consumption and Pensioner
Electricity consumption	6,000 kWh	4,500 kWh	4,500 kWh
Gas consumption	20,000 MJ	15,500 MJ	15,500 MJ
Water consumption	200 kL per year	150 kL per year	150 kL per year
STA Bus and CityRail train transport (return trip)	225 days per year Red TravelPass then My Multi 1 (valid for bus, train and ferry) <sup>b,c</sup>	70 days per year Adult return train ticket (10km) and Blue Travel Ten then MyTrain single fare (up to 10km) and MyBus TravelTen (1-2 section bus trip) <sup>b</sup>	70 days per year Pensioner excursion

**Notes:**

a. The electricity, gas and water consumption for Households 2 and 3 are typical for pensioner households in the Sydney metropolitan area, based on IPART's 2010 Household Survey.

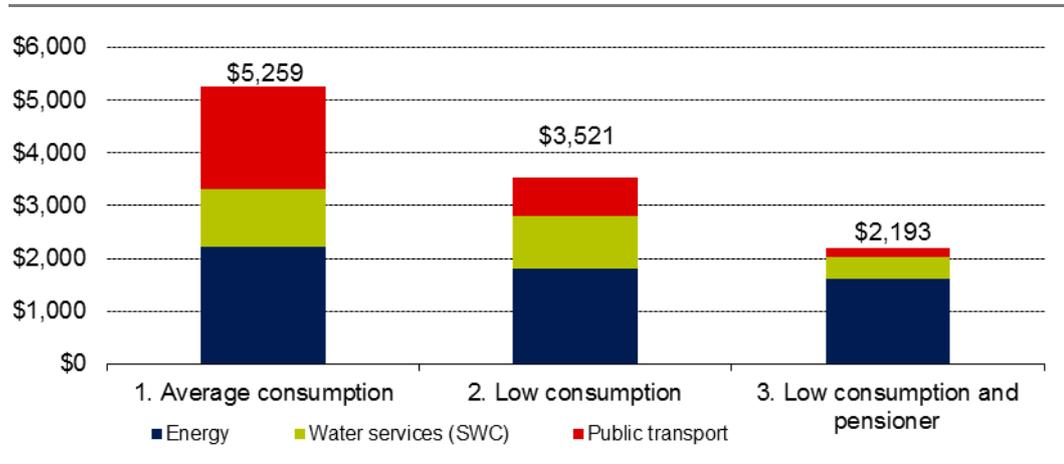
b. MyMulti, MyTrain and MyBus fares were introduced on 18 April 2010. They replaced the previous ticket types.

c. The Red TravelPass gave unlimited travel on CityRail services in the area bounded by Bondi Junction, Rockdale, Bardwell Park, Canterbury, Croydon and Chatswood stations, plus unlimited travel on Sydney Buses in the red area – zones 1, 3, 6 and 7 as well as unlimited travel on Sydney Ferries inner harbour services. MyMulti 1 gives unlimited travel on government and private buses and government ferries, as well as in the CityRail zone bounded by Bondi Junction, Chatswood, Croydon, Canterbury, Bardwell Park, and Rockdale.

Not surprisingly, households that consume less face lower bills than households that consume more and those that qualify for pensioner rebates/discounts pay less than non-pensioner households for the same service. For example in 2011/12, (Figure 9):

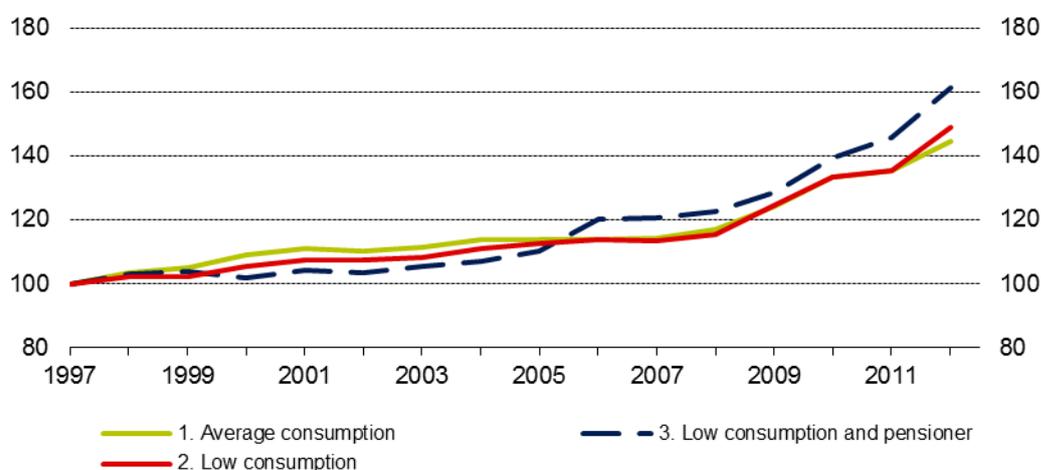
- ▼ household 1 paid a total of \$5,259 (\$4,803 in 2010/11)
- ▼ household 2 paid \$3,521 (\$3,159 in 2010/11), and
- ▼ household 3 (pensioner) paid \$2,193 (\$1,958 in 2010/11).

**Figure 9 Household bills (\$ per year, 2011/12)**



Source: IPART.

Figure 10 shows that, since 1996/97 the bill for an average level of consumption (household 1) has increased by 47.1% in real terms and the low-consumption non-pensioner household's (household 2) bill has increased by 49%. The pensioner's bill has increased by 61.2% over this period, but from a lower level (as Figure 9 shows). The pensioner's bill has risen by more than the other 2 households because of increases in electricity and gas prices exceeding increases in the rebate until this year when the Low Income Household Rebate increased, as discussed previously.

**Figure 10 Time series of household bills (real)**

**Note:** In 2005/06, pensioner bills increased by a higher rate than other households. The price of a pensioner excursion ticket increased from \$1.00 to \$2.50 at that time.

**Source:** IPART.

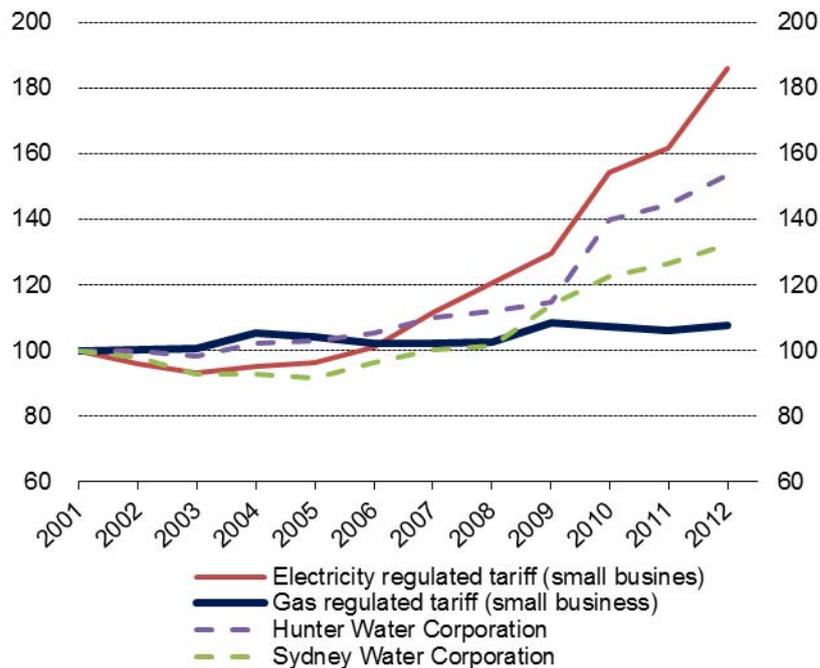
### Price impacts on non-residential customers

Our determinations can also affect the bills of non-residential customers for electricity, gas and water. Regulated prices for non-residential customers for electricity and water increased in nominal terms in 2011/12 compared to the previous year by 16.2% for electricity, 5.8% for Sydney Water customers and 7.7% for Hunter Water customers. For AGL small business customers, regulated prices increased in nominal terms in 2011/12 by 2.9%.<sup>22</sup>

Business customers with consumption below 160 MWh and 1 terajoule can choose to remain on a regulated tariff and all large non-residential customers enter into negotiated contracts for energy. Similar to household charges, electricity charges have increased significantly for business customers in recent years (Figure 11). Non-residential water customers have also experienced significant recent price increases. However, gas customers for a typical business have seen stable gas prices in real terms since 2008/09 (Figure 11).

The gas price index for a typical residential and non-residential customer diverged due to changes in the tariff structure by the network operator. Supply fees decreased for all customers, but usage fees increased for some customers and fell for others, depending on the amount used.

<sup>22</sup> IPART calculations for the Annual Report.

**Figure 11 Index of regulated prices for non-residential customers (real)<sup>a</sup>**

<sup>a</sup> Prices for non-residential customers are based on the year 2001/02 to allow for comparison across the services, which makes direct comparison with residential not strictly comparable. This base year is chosen because it is the first year prices for all services are available.

**Note: Electricity** – Prices calculated for consumption of 30 MWh per year on a general supply tariff. Prices exclude GST. **Gas** – Prices calculated for consumption of 184,000 MJ per year on a default standard business supply tariff. Prices exclude GST. **Metropolitan Water** – The index measures average revenue per kL of water sold, and is therefore only a rough indicator of prices. Since 2004/05 the index has been calculated using 2003/04 sales volumes to eliminate the impact of reduced consumption.

**Data source: Electricity** – For 1996/97 – 2003/04, data comes from Electricity Supply Association of Australia, Electricity Prices in Australia 2003/04. For 2004/05 onwards the data is calculated, using EnergyAustralia's General Supply (Non TOU) tariff. **Gas** – AGL default standard business tariff.

## Bulk Water

Bulk water customers on regulated rivers pay two sets of charges: the first to the State Water Corporation, which is responsible for river operations; and the second to the NSW Office of Water (NOW) for water resource management. Customers who extract water from unregulated rivers or groundwater only pay NOW's water resource management charges.

The year ending June 2012 was the second year of State Water Corporation's bulk water charges, and IPART's last determination of this entity's valleys in the Murray-Darling Basin which will next be price regulated by the ACCC from 2014/15. IPART will continue to price regulate State Water Corporation's coastal valleys. The present determination continues until 2013/14. State Water's bulk water charges increased by 6.9% (nominal) in 2011/12.<sup>23</sup>

The NSW Office of Water's water resource management charges increased by 23% (nominal) in 2011/12, after remaining unchanged in 2010/11 from 2009/10.<sup>24</sup>

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<sup>23</sup> IPART, *Review of bulk water charges for State water Corporation from 1 July 2010 to 30 June 2014 - Final Report*, June 2010, p 110.

<sup>24</sup> IPART, *Review of prices for the Water Administration Ministerial Corporation for the NSW Office of Water - from 1 July 2011 - Final Report*, February 2011, p 15.

## Financial Report



## INDEPENDENT AUDITOR'S REPORT

### Independent Pricing and Regulatory Tribunal Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Pricing and Regulatory Tribunal Division (the Division), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### The Chairman's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chairman, as well as evaluating the overall presentation of the financial statements.

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

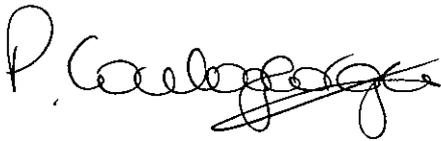
My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



Peter Coulogeorgiou  
Director, Financial Audit Services

2 October 2012  
SYDNEY

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

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

- a) the accompanying financial report has been prepared in accordance with applicable Australian Accounting Standards, (which include Australian equivalents to International Financial reporting Standards (AIFRS)), other authoritative pronouncements of the Australian Accounting Standards Board, (AASB), Urgent Issues Group (UIG) Interpretations, the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial report exhibits a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal of New South Wales as at 30 June 2012 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.

Peter J. Boxall AO  
Chairman



2 October 2012

**Independent Pricing and Regulatory Tribunal  
Division**

**Financial Statements  
for the year ended 30 June 2012**

**Independent Pricing and Regulatory Tribunal Division**  
**Statement of comprehensive income**  
**for the year ended 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
<b>Expenses excluding losses</b>			
Employee related expenses	2	<u>15,389</u>	12,531
<b>Total expenses excluding losses</b>		<u>15,389</u>	12,531
<b>Revenue</b>			
Personnel services revenue	3(a)	14,538	11,877
Acceptance by the Crown Entity of employee benefit and other liabilities	3(b)	<u>851</u>	654
<b>Total Revenue</b>		<u>15,389</u>	12,531
<b>Net result</b>		<u>-</u>	-
<b>Other comprehensive income</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>-</u>	-

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal Division**  
**Statement of financial position**  
**as at 30 June 2012**

		2012	2011
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	91	4
Receivables	5	<u>2,016</u>	1,734
<b>Total current assets</b>		<u>2,107</u>	1,738
<b>Total assets</b>		<u>2,107</u>	1,738
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	6	356	275
Provisions	7	<u>1,731</u>	1,450
<b>Total current liabilities</b>		<u>2,087</u>	1,725
<b>Non-current liabilities</b>			
Provisions	7	<u>20</u>	13
<b>Total liabilities</b>		<u>2,107</u>	1,738
<b>Net assets</b>		<u>-</u>	-
<b>EQUITY</b>			
<b>Total Equity</b>		<u>-</u>	-

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal Division  
Statement of changes in equity  
for the year ended 30 June 2012**

	Accumu- lated Funds \$'000	Total \$'000
<b>Balance at 1 July 2011</b>	-	-
<b>Net result for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>Balance at 30 June 2012</b>	-	-

	Accumu- lated Funds \$'000	Total \$'000
<b>Balance at 1 July 2010</b>	-	-
<b>Net result for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>Balance at 30 June 2011</b>	-	-

**Independent Pricing and Regulatory Tribunal Division**  
**Statement of cash flows**  
**for the year ended 30 June 2012**

	2012	2011
Notes	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee related	<u>(14,169)</u>	(12,334)
<b>Total Payments</b>	<u><b>(14,169)</b></u>	<u>(12,334)</u>
<b>Receipts</b>		
Personnel services	<u>14,256</u>	12,338
<b>Total Receipts</b>	<u><b>14,256</b></u>	<u>12,338</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	9 <u><b>87</b></u>	4
<b>NET INCREASE/ (DECREASE) IN CASH</b>		
Opening cash and cash equivalents	<u>4</u>	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4 <u><b>91</b></u>	4

The accompanying notes form part of these financial statements.

## **1 Summary of Significant Accounting Policies**

### **(a) Reporting entity**

The Independent Pricing and Regulatory Tribunal Division is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 8, 1 Market Street Sydney 2000.

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

The financial statement was authorised for issue by the Chairman of The Independent Pricing and Regulatory Tribunal Division on 2 October 2012.

### **(b) Basis of preparation**

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2010; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

### **(c) Statement of compliance**

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

### **(d) Income recognition**

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

### **(e) Assets**

#### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

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

## **1 Summary of Significant Accounting Policies (cont'd)**

(f) *Liabilities*

(i) Payables

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

(ii) Employee benefits and other provisions

Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*.

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

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

Long service leave and superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(g) Comparative information

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

(h) New Australian Accounting Standards issued but not effective

The following new Accounting Standards have not been applied and are not effective for 30 June 2012 reporting period. The Division did not early adopt any of these Accounting Standards and Interpretations that are not yet effective:

**1 Summary of Significant Accounting Policies (cont'd)**

(h) *New Australian Accounting Standards issued but not effective (cont'd)*

- AASB 2009-9 and AASB 2010-7 regarding financial instruments
- AASB 2011-10 Consolidated Financial Statements
- AASB 2011-11 Joint Arrangements
- AASB 2011-12 Disclosure of Interests in Other Entities
- AASB 2011-13 and AASB 2011-8 regarding fair value measurement
- AASB 2010-119 , AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 2011-127 Separate Financial Statements
- AASB 2011-128 Investments in Associates and Joint Ventures
- AASB 2010-1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-8 regarding deferred tax
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Division.

**2 Expenses Excluding Losses**

	2012 \$'000	2011 \$'000
<b>Employee related expenses</b>		
Salaries and wages (including recreation leave)	12,747	10,534
Superannuation - defined benefit plans	79	127
Superannuation - defined contribution plans	847	689
Long service leave	768	521
Workers compensation insurance	79	45
Payroll tax and fringe benefit tax	692	710
On costs (Recreation and Long Service Leave)	177	(95)
	<b>15,389</b>	<b>12,531</b>

**3 Revenue**

	2012 \$'000	2011 \$'000
<b>(a) Personnel services revenue</b>		
Personnel services	14,538	11,877
	<b>14,538</b>	<b>11,877</b>
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Acceptance by the Crown Entity of employee benefit</b>		
Superannuation - defined benefit	79	127
Long Service Leave	768	521
Payroll tax	4	6
	<b>851</b>	<b>654</b>

**Independent Pricing and Regulatory Tribunal Division**  
**Notes to the financial statements**  
**for the year ended 30 June 2012**

**4 Current Assets- Cash and Cash Equivalents**

	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Cash at bank and on hand	<u>91</u>	<u>4</u>
	<b>91</b>	<b>4</b>

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

Cash and cash equivalents (per statement of financial position)	<u>91</u>	<u>4</u>
Closing cash and cash equivalents (per statement of cash flows)	<u>91</u>	<u>4</u>

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

**5 Current Assets - Receivables**

	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Personnel services	<u>2,016</u>	<u>1,734</u>
	<b>2,016</b>	<b>1,734</b>

**6 Current Liabilities - Payable**

	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Accrued salaries, wages and on-costs	265	271
Creditors	<u>91</u>	<u>4</u>
	<b>356</b>	<b>275</b>

Independent Pricing and Regulatory Tribunal Division  
Notes to the financial statements  
for the year ended 30 June 2012

**7 Current / Non-Current Liabilities - Provisions**

	2012 \$'000	2011 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	1,289	1,152
Long service leave	223	116
Payroll tax	219	182
<b>Total provisions</b>	<b>1,731</b>	1,450
<b>Non-current</b>		
<b>Employee benefits and related on-costs</b>		
Long service leave	20	13
<b>Total provisions</b>	<b>20</b>	13
<b>Aggregate employee benefits and related on-costs</b>		
Provisions - current	1,731	1,450
Provisions - non-current	20	13
Accrued salaries, wages and on-costs (Note 6)	265	271
	<b>2,016</b>	1,734

**8 Contingent Liabilities and Contingent Assets**

The Division has no contingent liabilities and contingent assets as at 30 June 2012 (2011 Nil).

## 9 Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	2012 \$'000	2011 \$'000
Net cash used on operating activities	87	4
Decrease / (increase) in provisions	(288)	(62)
Increase / (decrease) in prepayments and other assets	282	155
Decrease / (increases) in creditors	(81)	(97)
Net result	-	-

## 10 Financial Instruments

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

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

### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2012 \$'000	Carrying Amount 2011 \$'000
<b>Class:</b>				
Cash and cash equivalents	N/A		91	4
Receivables (Note 5) <sup>1</sup>		Loans and receivables (at amortised cost)	2,016	1,734
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2012 \$'000</b>	<b>Carrying Amount 2011 \$'000</b>
<b>Class:</b>				
Payables (Note 6) <sup>2</sup>		Financial liabilities measured at amortised cost	356	275

1Notes

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

### (b) Credit Risk

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

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

#### Receivables - trade debtors

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

No financial assets are past due or impaired.

## 10 Financial Instruments (cont'd)

### (c) Liquidity risk

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2011 nil).

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

	\$'000						
	Nominal Amount <sup>1</sup>	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non-inte rest bearing	< 1 yr	1-5 yrs	> 5 yrs
<b>2012</b>							
<i>Payables:</i>							
Accrued salaries, wages and on-costs	265	-	-	-	265	-	-
Creditors	91	-	-	-	91	-	-
	356	-	-	-	356	-	-
<b>2011</b>							
<i>Payables:</i>							
Accrued salaries, wages and on-costs	271	-	-	-	271	-	-
Creditors	4	-	-	-	4	-	-
	275	-	-	-	275	-	-

## **10 Financial Instruments (cont'd)**

### **(d) Market risk**

The Division has no exposure to foreign currency risk and does not enter into commodity contracts.

### **(e) Fair Value**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value.

## **11 Events after the Reporting Period**

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

**End of audited financial statements.**



## INDEPENDENT AUDITOR'S REPORT

### Independent Pricing and Regulatory Tribunal

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Pricing and Regulatory Tribunal (the Tribunal), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Tribunal and the consolidated entity. The consolidated entity comprises the Tribunal and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Tribunal and the consolidated entity as at 30 June 2012, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### The Member's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial statements.

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

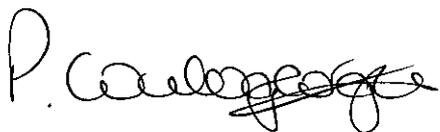
My opinion does *not* provide assurance:

- about the future viability of the Tribunal or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



Peter Coulogeorgiou  
Director, Financial Audit Services

2 October 2012  
SYDNEY

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

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

- a) the accompanying financial report has been prepared in accordance with applicable Australian Accounting Standards, (which include Australian equivalents to International Financial reporting Standards (AIFRS)), other authoritative pronouncements of the Australian Accounting Standards Board, (AASB), Urgent Issues Group (UIG) Interpretations, the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial report exhibits a true and fair view of the financial position of the Independent Pricing and Regulatory Tribunal of New South Wales as at 30 June 2012 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.



Peter J. Boxall AO  
Chairman



Fiona Towers  
A/Chief Executive Officer

2 October 2012

# **Independent Pricing and Regulatory Tribunal**

## **Financial Statements for the year ended 30 June 2012**

**Independent Pricing and Regulatory Tribunal**  
**Statement of comprehensive income**  
**for the year ended 30 June 2012**

		Consolidated		IPART	
	Actual	Budget	Actual	Actual	Actual
Notes	2012	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>					
Operating expenses					
Employee related	2(a) 15,389	12,918	12,531	-	-
Other operating expenses	2(b) 7,949	9,520	7,605	7,949	7,605
Depreciation and amortisation	2(c) 745	713	749	745	749
Personnel services	2(d) -	-	-	14,538	11,877
<b>Total expenses excluding losses</b>	<b>24,083</b>	23,151	20,885	<b>23,232</b>	20,231
<b>Revenue</b>					
Recurrent appropriation	3(a) 21,000	20,570	19,128	21,000	19,128
Capital appropriation	3(a) 180	180	180	180	180
Sale of goods and services	3(b) 1,464	1,250	748	1,464	748
Investment revenue	3(c) 345	400	467	345	467
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d) 851	368	654	-	-
Other revenue	3(e) 293	205	811	293	811
<b>Total Revenue</b>	<b>24,133</b>	22,973	21,988	<b>23,282</b>	21,334
<b>Gain / (loss) on disposal</b>	4 (5)	-	-	(5)	-
<b>Net result</b>	<b>45</b>	(178)	1,103	<b>45</b>	1,103
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>45</b>	(178)	1,103	<b>45</b>	1,103

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal  
Statement of financial position  
as at 30 June 2012**

		Consolidated		IPART		
		Actual	Budget	Actual	Actual	Actual
		2012	2012	2011	2012	2011
Notes		\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Current Assets</b>						
	6	8,451	7,844	8,473	8,360	8,469
	7	505	447	606	566	606
		<b>8,956</b>	<b>8,291</b>	<b>9,079</b>	<b>8,926</b>	<b>9,075</b>
<b>Non-Current Assets</b>						
	8	1,425	1,289	1,828	1,425	1,828
	9	42	67	61	42	61
		<b>1,467</b>	<b>1,356</b>	<b>1,889</b>	<b>1,467</b>	<b>1,889</b>
		<b>10,423</b>	<b>9,647</b>	<b>10,968</b>	<b>10,393</b>	<b>10,964</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
	10	887	606	861	857	857
	11	1,731	1,583	1,450	1,750	1,462
	12	-	-	952	-	952
		<b>2,618</b>	<b>2,189</b>	<b>3,263</b>	<b>2,608</b>	<b>3,272</b>
<b>Non-Current Liabilities</b>						
	11	402	278	347	382	334
		<b>402</b>	<b>278</b>	<b>347</b>	<b>382</b>	<b>334</b>
		<b>3,020</b>	<b>2,467</b>	<b>3,610</b>	<b>2,990</b>	<b>3,606</b>
		<b>7,403</b>	<b>7,180</b>	<b>7,358</b>	<b>7,403</b>	<b>7,358</b>
<b>EQUITY</b>						
		<b>7,403</b>	<b>7,180</b>	<b>7,358</b>	<b>7,403</b>	<b>7,358</b>
		<b>7,403</b>	<b>7,180</b>	<b>7,358</b>	<b>7,403</b>	<b>7,358</b>

The accompanying notes form part of these financial statements.

**Independent Pricing and Regulatory Tribunal  
Statements of changes in equity  
for the year ended 30 June 2012**

<b>Consolidated / IPART</b>	<b>Accumu- lated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2011</b>	<b>7,358</b>	<b>7,358</b>
<b>Net result for the year</b>	<b>45</b>	<b>45</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>45</b>	<b>45</b>
<b>Balance at 30 June 2012</b>	<b>7,403</b>	<b>7,403</b>

<b>Consolidated / IPART</b>	<b>Accumu- lated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2010</b>	<b>6,255</b>	<b>6,255</b>
<b>Net result for the year</b>	<b>1,103</b>	<b>1,103</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>1,103</b>	<b>1,103</b>
<b>Balance at 30 June 2011</b>	<b>7,358</b>	<b>7,358</b>

**Independent Pricing and Regulatory Tribunal**  
**Statement of cash flows**  
**for the year ended 30 June 2012**

	Consolidated		IPART		
	Actual	Budget	Actual	Actual	Actual
	2012 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
Employee related	(14,169)	(12,798)	(11,722)	(14,169)	(11,722)
Other	(8,856)	(10,698)	(8,218)	(8,882)	(8,222)
<b>Total Payments</b>	<b>(23,025)</b>	<b>(23,496)</b>	<b>(19,940)</b>	<b>(23,051)</b>	<b>(19,944)</b>
<b>Receipts</b>					
Recurrent appropriation	21,000	20,570	20,080	21,000	20,080
Capital appropriation (excluding equity appropriations)	180	180	180	180	180
Sale of goods and services	1,474	1,250	685	1,474	685
Interest received	437	511	356	437	356
Cash transfers to the Consolidated Fund	(952)	(952)	-	(952)	-
Other	1,144	1,488	1,585	1,083	1,585
<b>Total Receipts</b>	<b>23,283</b>	<b>23,047</b>	<b>22,886</b>	<b>23,222</b>	<b>22,886</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>258</b>	<b>(449)</b>	<b>2,946</b>	<b>171</b>	<b>2,942</b>
16					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of plant and equipment	(280)	(180)	(502)	(280)	(502)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(280)</b>	<b>(180)</b>	<b>(502)</b>	<b>(280)</b>	<b>(502)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>					
Opening cash and cash equivalents	(22)	(629)	2,444	(109)	2,440
	8,473	8,473	6,029	8,469	6,029
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>8,451</b>	<b>7,844</b>	<b>8,473</b>	<b>8,360</b>	<b>8,469</b>
6					

The accompanying notes form part of these statements.

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

Consolidated / IPART	2012				2011			
	RECURRENT APPROPRIATION	EXPENDITURE/ NET CLAIM ON CONSOLIDATED FUND	Capital Appropriation	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND	Recurrent Appropriation	EXPENDITURE / NET CLAIM ON CONSOLIDATE D 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	20,570	20,555	180	180	16,547	16,547	180	180
	20,570	20,555	180	180	16,547	16,547	180	180
<b>OTHER APPROPRIATIONS / EXPENDITURE</b>								
• Treasurer's Advance					3,533	2,581		
• Section 33 - expenditure for certain works and services	445	445	-	-			-	-
<b>Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</b>	21,015	21,000	180	180	20,080	19,128	180	180
<b>Amount draw down against Appropriation</b>		21,000		180		20,080		180
<b>Liability to Consolidated Fund*</b>		-		-		(952)		-

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

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

## **1 Summary of Significant Accounting Policies**

### **(a) Reporting entity**

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

The Tribunal as a reporting entity, comprises all the entities under its control, namely: Independent Pricing and Regulatory Tribunal Division (the Division).

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive Officer on 2 October 2012.

### **(b) Basis of preparation**

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

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

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

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

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

### **(c) Statement of compliance**

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

### **(d) Administered activities**

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

Transactions and balances relating to the administered activities are not recognised as the Tribunal's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Income", "Administered Expenses", "Administered Assets" and "Administered Liabilities".

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

### **(e) Insurance**

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

## 1 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

### (g) Income recognition

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

#### (i) Parliamentary appropriations and contributions

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

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

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

#### (ii) Sale of goods

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

#### (iii) Rendering of services

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

#### (iv) Investment revenue

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

### (h) Assets

#### (i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Tribunal. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

**1 Summary of Significant Accounting Policies (cont'd)**

(h) *Assets (cont'd)*

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

Consistent with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1), the Tribunal measures its physical non-current assets at fair value. Because the Tribunal's assets are non specialised with short useful lives, their depreciated historical cost is used as a surrogate for fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Tribunal is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of property, plant and equipment

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

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

<b>Depreciation Rates</b>	<b>2012 % Rate</b>	<b>2011 % Rate</b>
<b>Intangible Asset</b>		
Computer software	25	25
<b>Plant &amp; Equipment</b>		
Office furniture and fittings	10	10
Computer equipment and hardware	33	33
General plant and equipment	14	14
Leasehold improvements – depreciated over the period of the lease or its useful life whichever is shorter.		

(vi) Restoration costs

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

(vii) Maintenance

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

(viii) 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.

## **1 Summary of Significant Accounting Policies (cont'd)**

### (h) *Assets (cont'd)*

#### (viii) Leased assets (cont'd)

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

Operating lease payments are charged to the statements of comprehensive income in the periods in which they are incurred.

#### (ix) Intangible assets

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

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

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

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

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

#### (x) Other assets

Other assets are recognised on a cost basis.

### (i) Liabilities

#### (i) Payables

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

#### (ii) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employee's services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 5.59% are used to discount long-term annual leave.

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

## **1 Summary of Significant Accounting Policies (cont'd)**

### **(i) Liabilities (cont'd)**

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

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

#### **(b) Long service leave and superannuation**

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

#### **(c) Other Provisions**

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

### **(j) Budgeted amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

### **(k) Comparative information**

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

## 1 Summary of Significant Accounting Policies (cont'd)

### (l) New Australian Accounting Standards issued but not effective

The following new Accounting Standards have not been applied and are not effective for 30 June 2012 reporting period. The Tribunal did not early adopt any of these Accounting Standards and Interpretations that are not yet effective:

- AASB 2009-9 and AASB 2010-7 regarding financial instruments
- AASB 2011-10 Consolidated Financial Statements
- AASB 2011-11 Joint Arrangements
- AASB 2011-12 Disclosure of Interests in Other Entities
- AASB 2011-13 and AASB 2011-8 regarding fair value measurement
- AASB 2010-119 , AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 2011-127 Separate Financial Statements
- AASB 2011-128 Investments in Associates and Joint Ventures
- AASB 2010-1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-8 regarding deferred tax
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Tribunal.

## 2 Expenses Excluding Losses

	<b>Consolidated</b>		<b>IPART</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including recreation leave)	<b>12,747</b>	10,534	-	-
Superannuation - defined benefit plans	<b>79</b>	127	-	-
Superannuation - defined contribution plans	<b>847</b>	689	-	-
Long service leave	<b>768</b>	521	-	-
Workers compensation insurance	<b>79</b>	45	-	-
Payroll tax and fringe benefit tax	<b>692</b>	710	-	-
Oncosts - recreation leave and long service leave	<b>177</b>	(95)	-	-
	<b>15,389</b>	12,531	-	-

**Independent Pricing and Regulatory Tribunal**  
**Notes to the financial statements**  
**for the year ended 30 June 2012**

**2 Expenses Excluding Losses (cont'd)**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(b) Other operating expenses include the following:</b>				
Advertising	67	48	67	48
Auditor's remuneration - audit of the financial statements	37	34	37	34
Cleaning and outgoings	128	107	128	107
Consultancies	2,717	3,165	2,717	3,165
Contractors	1,902	1,035	1,902	1,035
Insurance	9	9	9	9
Internal audit fees	76	106	76	106
Legal costs	274	320	274	320
Operating lease rental expense - minimum lease payments	1,051	958	1,051	958
Travel	74	82	74	82
Other expenses	850	807	850	807
Corporate services	332	280	332	280
EDP expenses	323	460	323	460
Maintenance expenses	109	194	109	194
	<b>7,949</b>	<b>7,605</b>	<b>7,949</b>	<b>7,605</b>
<i>* Reconciliation - Total maintenance</i>				
Maintenance expense - other (non-employee related), as above	109	194	109	194
Total maintenance expenses included in Note 2(a) + 2(b)	<b>109</b>	<b>194</b>	<b>109</b>	<b>194</b>

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(c) Depreciation and amortisation expense</b>				
Depreciation:				
Plant and Equipment	204	273	204	273
Total Depreciation	<b>204</b>	<b>273</b>	<b>204</b>	<b>273</b>
Amortisation				
Leasehold Improvements	527	460	527	460
Intangibles	14	16	14	16
	<b>745</b>	<b>749</b>	<b>745</b>	<b>749</b>

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>(d) Personnel services</b>				
Personnel services	-	-	14,538	11,877
	<b>-</b>	<b>-</b>	<b>14,538</b>	<b>11,877</b>

**Independent Pricing and Regulatory Tribunal  
Notes to the financial statements  
for the year ended 30 June 2012**

**3 Revenue**

Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**(a) Appropriations**

**Recurrent appropriation**

Total recurrent drawdowns from NSW Treasury (per Summary of compliance)

	21,000	20,080	21,000	20,080
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Less: Liability to Consolidated Fund (per Summary of compliance)

	-	952	-	952
--	---	-----	---	-----

	<u>21,000</u>	<u>19,128</u>	<u>21,000</u>	<u>19,128</u>
--	---------------	---------------	---------------	---------------

Comprising:

Recurrent appropriation (per Statements of comprehensive income)

	<u>21,000</u>	<u>19,128</u>	<u>21,000</u>	<u>19,128</u>
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	<u>21,000</u>	<u>19,128</u>	<u>21,000</u>	<u>19,128</u>
--	---------------	---------------	---------------	---------------

**Capital appropriation**

Total capital drawdowns from NSW Treasury (per Summary of compliance)

	180	180	180	180
--	-----	-----	-----	-----

Less: Liability to Consolidated Fund (per Summary of compliance)

	-	-	-	-
--	---	---	---	---

	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
--	------------	------------	------------	------------

Comprising:

Capital appropriation (per Statements of comprehensive income)

	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
--	------------	------------	------------	------------

	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
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Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**(b) Sale of goods and services**

Rendering of services ( reimbursement of both external consultancies and in - house costs )

	<u>1,464</u>	<u>748</u>	<u>1,464</u>	<u>748</u>
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	<u>1,464</u>	<u>748</u>	<u>1,464</u>	<u>748</u>
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Independent Pricing and Regulatory Tribunal  
Notes to the financial statements  
for the year ended 30 June 2012

**3 Revenue (cont'd)**

Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**(c) Investment revenue**

Interest revenue from financial assets not at fair value through profit or loss

	345	467	345	467
	<u>345</u>	<u>467</u>	<u>345</u>	<u>467</u>

Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**(d) Acceptance by the Crown Entity of employee benefits and other liabilities**

Superannuation – defined benefit  
Long Service Leave  
Payroll tax

Superannuation – defined benefit	79	127	-	-
Long Service Leave	768	521	-	-
Payroll tax	4	6	-	-
	<u>851</u>	<u>654</u>	<u>-</u>	<u>-</u>

Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**(e) Other revenue**

Other

	293	811	293	811
	<u>293</u>	<u>811</u>	<u>293</u>	<u>811</u>

**4 Gain / (Loss) on Disposal**

Consolidated		IPART	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

**Gain / (loss) on disposal of plant and equipment**

Proceeds from disposal  
Less: Written down value of assets disposed  
Net gain / (loss) on disposal of plant and equipment

Proceeds from disposal	-	-	-	-
Less: Written down value of assets disposed	(5)	-	(5)	-
Net gain / (loss) on disposal of plant and equipment	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>

## 5 Service Groups of the Agency

### (a) Service group 1- Utilities Pricing, Regulation, Analysis and Policy Work

Purpose:

The service group covers the setting of prices for energy, water and public transport and for carrying out other specific reviews of government services referred at the request of the responsible Ministers. The service group also administers Local Government rate setting and contribution plans and the Water Licensing, Energy Compliance, the Greenhouse Gas Reduction and the Energy Savings Schemes.

This service group contributes to the following intermediate results:

- abuse of monopoly power is prevented, and efficiency, sustainability and community welfare is promoted
- independent advice is provided to the Government on issues of pricing, funding, competition, service, policy and governance
- prices (or revenues) for energy, transport and water services are determined fairly and reasonably in accordance with legislation and,
- energy and water licence obligations and CO2 reduction targets are enforced and
- sustainable environmental outcomes are promoted

## 6 Current Assets - Cash and Cash Equivalents

	<b>Consolidated</b>		<b>IPART</b>	
	<b>2012 \$'000</b>	2011 \$'000	<b>2012 \$'000</b>	2011 \$'000
Cash at bank and on hand	<u>8,451</u>	8,473	<u>8,360</u>	8,469
	<u>8,451</u>	8,473	<u>8,360</u>	8,469

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

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

Cash and cash equivalents (per statement of financial position)	<u>8,451</u>	8,473	<u>8,360</u>	8,469
Closing cash and cash equivalents (per statements of cash flows)	<u>8,451</u>	8,473	<u>8,360</u>	8,469

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

**Independent Pricing and Regulatory Tribunal**  
**Notes to the financial statements**  
**for the year ended 30 June 2012**

**7 Current Assets / Non-Current Assets - Receivables**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current</b>				
Sale of goods and services	215	269	215	269
Goods and Services Tax (GST)	122	78	122	78
Interest receivable	153	245	153	245
Other	15	14	76	14
	<b>505</b>	<b>606</b>	<b>566</b>	<b>606</b>

**8 Non-Current Assets - Plant and Equipment**

**Consolidated / IPART**

	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
<b>At 1 July 2011 - fair value</b>			
Gross carrying amount	2,660	1,551	4,211
Accumulated depreciation	(1,341)	(1,042)	(2,383)
Net carrying amount	1,319	509	1,828
<b>At 30 June 2012 - fair value</b>			
Gross carrying amount	2,759	1,644	4,403
Accumulated depreciation	(1,868)	(1,110)	(2,978)
Net carrying amount	891	534	1,425

**Reconciliation**

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

	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
<b>Year ended 30 June 2012</b>			
Net carrying amount at start of year	1,319	509	1,828
Additions	99	229	328
Disposals	(1)	(137)	(138)
Depreciation expense	(527)	(204)	(731)
Writeback on disposals	1	137	138
Net carrying amount at end of year	891	534	1,425

	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
<b>At 1 July 2010 - fair value</b>			
Gross carrying amount	2,238	1,476	3,714
Accumulated depreciation	(881)	(839)	(1,720)
Net carrying amount	1,357	637	1,994
<b>At 30 June 2011 - fair value</b>			
Gross carrying amount	2,660	1,551	4,211
Accumulated depreciation	(1,341)	(1,042)	(2,383)
Net carrying amount	1,319	509	1,828

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

### Reconciliation

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

	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
<b>Year ended 30 June 2011</b>			
Net carrying amount at start of year	1,357	637	1,994
Additions	422	180	602
Transfer	-	(35)	(35)
Disposals	-	(65)	(65)
Depreciation expense	(460)	(273)	(733)
Writeback on Disposals	-	65	65
Net carrying amount at end of year	<u>1,319</u>	<u>509</u>	<u>1,828</u>

## 9 Intangible Assets

### Software \$'000

#### Consolidated / IPART

##### At 1 July 2011

Cost (gross carrying amount)	177
Accumulated amortisation and impairment	<u>(116)</u>
Net carrying amount	<u>61</u>

##### At 30 June 2012

Cost (gross carrying amount)	123
Accumulated amortisation and impairment	<u>(81)</u>
Net carrying amount	<u>42</u>

##### Year ended 30 June 2012

Net carrying amount at start of year	61
Disposals	(54)
Amortisation (recognised in depreciation and amortisation)	(14)
Writeback on Disposals	<u>49</u>
Net carrying amount at end of year	<u>42</u>

### Software \$'000

##### At 1 July 2010

Cost (gross carrying amount)	139
Accumulated amortisation and impairment	<u>(97)</u>
Net carrying amount	<u>42</u>

##### At 30 June 2011

Cost (gross carrying amount)	177
Accumulated amortisation and impairment	<u>(116)</u>
Net carrying amount	<u>61</u>

##### Year ended 30 June 2011

Net carrying amount at start of year	42
Additions	35
Amortisation (recognised in depreciation and amortisation)	<u>(16)</u>
Net carrying amount at end of year	<u>61</u>

**Independent Pricing and Regulatory Tribunal  
Notes to the financial statements  
for the year ended 30 June 2012**

**10 Current Liabilities - Payables**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Accrued salaries, wages and on-costs	265	271	-	-
Personnel services	-	-	265	271
Creditors	622	590	592	586
	<b>887</b>	<b>861</b>	<b>857</b>	<b>857</b>

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

**11 Current /Non-Current Liabilities - Provisions**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Recreation leave	1,289	1,152	-	-
Long service leave on-costs	223	116	-	-
Payroll tax	219	182	-	-
Personnel services	-	-	1,750	1,462
<b>Total provisions</b>	<b>1,731</b>	<b>1,450</b>	<b>1,750</b>	<b>1,462</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	20	13	-	-
	<b>20</b>	<b>13</b>	<b>-</b>	<b>-</b>
<b>Other provisions</b>				
Restoration costs	382	334	382	334
	<b>382</b>	<b>334</b>	<b>382</b>	<b>334</b>
<b>Total provisions</b>	<b>402</b>	<b>347</b>	<b>382</b>	<b>334</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	1,731	1,450	-	-
Provisions - non-current	20	13	-	-
Accrued salaries, wages and on-costs (Note 10)	265	271	-	-
	<b>2,016</b>	<b>1,734</b>	<b>-</b>	<b>-</b>

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

**Movements in provisions (other than employee benefits)**

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

**Restoration  
Costs  
\$'000**

**Non-current liabilities**

**Consolidated / IPART**

**2012**

Carrying amount at the beginning of financial year	334
Additional provisions recognised	48
Carrying amount at end of financial year	382

**12 Current / Non-Current Liabilities - Other**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current</b>				
Liability owing to Consolidated Fund	-	952	-	952
	-	952	-	952

**13 Commitments for Expenditure**

	<b>Consolidated</b>		<b>IPART</b>	
	<b>2012 \$'000</b>	2011 \$'000	<b>2012 \$'000</b>	2011 \$'000
<b>Operating Lease Commitments</b>				
Future non-cancellable operating lease rentals not provided for and payable				
Not later than one year	<b>1,306</b>	1,240	<b>1,306</b>	1,240
Later than one year and not later than five years	<b>780</b>	2,074	<b>780</b>	2,074
Later than five years	-	-	-	-
Total (including GST)	<b><u>2,086</u></b>	<u>3,314</u>	<b><u>2,086</u></b>	<u>3,314</u>

The total commitments above includes input tax credits of \$ 190,000 (2011 \$442,000) that are expected to be recoverable from the Australian Taxation Office.

**14 Contingent Liabilities and Contingent Assets**

The Tribunal is not aware of any contingent liabilities and contingent assets associated with its operations (nil at 30 June 2011).

**15 Budget Review**

**Net result**

The actual net result of \$45K was \$223K more than budget. This was mainly due to supplementation received to meet the audit costs relating to the Electricity Tariff Equalisation Fund under the Electricity Supply Act 1995.

**Assets and liabilities**

Current Assets: Total current assets were \$665K more than budget because of additional supplementation.

Non-Current assets: Plant and equipment and intangible assets were more than budget by \$111K as a result of additional capital assets.

Current and Non-Current Liabilities: Total liabilities were \$553K more than budget due mainly to increased employee provisions.

**Cash flows**

Cash flows from operating activities were \$707K greater than budget because of the additional supplementation.

**Independent Pricing and Regulatory Tribunal**  
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**for the year ended 30 June 2012**

**16 Reconciliation of Cash Flows from Operating Activities to Net Result**

	Consolidated		IPART	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net cash used on operating activities	258	2,946	171	2,942
Depreciation and amortisation	(745)	(748)	(745)	(748)
Decrease / (increase) in provisions	(288)	(131)	(282)	(130)
Increase / (decrease) in receivables and prepayments	(101)	160	(40)	160
Decrease / (increase) in creditors	(26)	(177)	(6)	(181)
Decrease / (increase) in other liabilities	952	(947)	952	(940)
Net gain / (loss) on sale of plant and equipment	(5)	-	(5)	-
Net result	<u>45</u>	<u>1,103</u>	<u>45</u>	<u>1,103</u>

**17 Administered Assets and Liabilities**

	2012 \$'000	2011 \$'000
<b>Consolidated</b>		
<b>Administered Assets</b>		
Cash	6,322	639
Receivables	1,680	3,611
Allowance for impairment	(31)	(1,423)
<b>Total Administered Assets</b>	<u>7,971</u>	<u>2,827</u>
<b>Administered Liabilities</b>		
Liability to Consolidated Fund	7,971	2,827
<b>Total Administered Liabilities</b>	<u>7,971</u>	<u>2,827</u>
<b>IPART</b>		
<b>Administered Assets</b>		
Cash	6,322	639
Receivables	1,680	3,611
Allowance for impairment	(31)	(1,423)
<b>Total Administered Assets</b>	<u>7,971</u>	<u>2,827</u>
<b>Administered Liabilities</b>		
Liability to Consolidated Fund	7,971	2,827
<b>Total Administered Liabilities</b>	<u>7,971</u>	<u>2,827</u>

## 18 Financial Instruments

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

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

### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2012 \$'000	Carrying Amount 2011 \$'000
<b>Class:</b>				
<b>Consolidated</b>				
Cash and cash equivalents	6	N/A	8,451	8,473
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	383	529
<b>Financial Liabilities</b>				
<b>Class:</b>				
<b>Consolidated</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	857	773
<b>Financial Assets</b>				
<b>Class:</b>				
<b>IPART</b>				
Cash and cash equivalents	6	N/A	8,360	8,469
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	444	529
<b>Financial Liabilities</b>				
<b>Class:</b>				
<b>IPART</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	2,608	2,320

#### Notes

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

### (b) Credit Risk

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

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

## 18 Financial Instruments (cont'd)

### Cash

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

### Receivables - trade debtors

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

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

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

	Total <sup>1,2</sup>	\$'000 Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<b>Consolidated 2012</b>			
< 3 months overdue	94	94	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
<b>Consolidated 2011</b>			
< 3 months overdue	269	269	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

**18 Financial Instruments (cont'd)**

	<b>Total<sup>1,2</sup></b>	<b>\$'000 Past due but not impaired<sup>1,2</sup></b>	<b>Considered impaired<sup>1,2</sup></b>
<b>IPART 2012</b>			
< 3 months overdue	94	94	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
	<b>Total<sup>1,2</sup></b>	<b>\$'000 Past due but not impaired<sup>1,2</sup></b>	<b>Considered impaired<sup>1,2</sup></b>
<b>IPART 2011</b>			
< 3 months overdue	269	269	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

**Notes**

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

**(c) Liquidity risk**

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2011 nil).

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

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

**18 Financial Instruments (cont'd)**

**Maturity Analysis and interest rate exposure of financial liabilities**

	\$'000					
	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Fixed Interest Rate	Non-interes t bearing	< 1 yr	1-5 yrs	> 5 yrs
<b>Consolidated 2012</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	265	-	-	265	-	-
Creditors	622	-	-	622	-	-
	887	-	-	887	-	-
<b>Consolidated 2011</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	271	-	-	271	-	-
Creditors	590	-	-	590	-	-
	861	-	-	861	-	-

**(d) Market risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is structural change in the level of interest rate volatility. The Tribunal's exposure to interest rate risk is set out below.

**(e) Interest rate risk**

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

Independent Pricing and Regulatory Tribunal  
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**18 Financial Instruments (cont'd)**

	Carrying Amount	Impact of 1% Increase Profit Equity		Impact of 1% Decrease Profit Equity	
		\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
<b>2012</b>					
<i>Financial assets</i>					
Cash and cash equivalents	8,451	84	84	(84)	(84)
Receivables	383	-	-	-	-
<i>Financial liabilities</i>					
Payables	857	-	-	-	-
<b>Total</b>	<b>9,691</b>	<b>84</b>	<b>84</b>	<b>(84)</b>	<b>(84)</b>
<b>2011</b>					
<i>Financial assets</i>					
Cash and cash equivalents	8,469	85	85	(85)	(85)
Receivables	529	-	-	-	-
<i>Financial liabilities</i>					
Payables	-	-	-	-	-
<b>Total</b>	<b>8,998</b>	<b>85</b>	<b>85</b>	<b>(85)</b>	<b>(85)</b>
		Impact of 1% Increase Profit Equity		Impact of 1% Decrease Profit Equity	
	Carrying Amount	\$'000	\$'000	\$'000	\$'000
<b>IPART</b>					
<b>2012</b>					
<i>Financial assets</i>					
Cash and cash equivalents	8,360	84	84	(84)	(84)
Receivables	444	-	-	-	-
<i>Financial liabilities</i>					
Payables	592	-	-	-	-
<b>Total</b>	<b>9,396</b>	<b>84</b>	<b>84</b>	<b>(84)</b>	<b>(84)</b>
<b>2011</b>					
<i>Financial assets</i>					
Cash and cash equivalents	8,473	85	85	(85)	(85)
Receivables	529	-	-	-	-
<i>Financial liabilities</i>					
Payables	-	-	-	-	-
<b>Total</b>	<b>9,002</b>	<b>85</b>	<b>85</b>	<b>(85)</b>	<b>(85)</b>

**(f) Fair Value**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value.

**19 Events after the Reporting Period**

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

**End of audited financial statements.**

## Our work program for 2012/2013

### Energy Pricing

- ▼ Updating the benchmark range for solar feed in tariffs and determining retailers contribution towards the costs of the Solar Bonus System from 1 July 2013
- ▼ Review of electricity and gas retail tariffs for the 3 years 2013 to 2016

### Energy Licensing

- ▼ Process applications for granting of new licences and cancelling of existing licences
- ▼ Report network operators' and energy retailers' performance
- ▼ Conduct licence compliance audits of retailers and network operators
- ▼ Maintaining the energy price comparison website - myenergyoffers

### Water Pricing

- ▼ Complete the review of rural water charging arrangements under section 9 of the IPART Act
- ▼ Determine maximum prices for Hunter Water Corporation from 1 July 2013
- ▼ Determine maximum prices for Gosford City Council from 1 July 2013
- ▼ Determine maximum prices for Wyong Shire Council from 1 July 2013
- ▼ Review of developer charges for Gosford City Council and Wyong Shire Council from 1 July 2013
- ▼ Release issues papers for Water Ministerial Corporation and Essential Energy (Broken Hill)
- ▼ Monitor compliance with IPART's determinations
- ▼ Release report on the price and performance of NSW water utilities 2011/12

**Water Licensing (public water utilities)**

- ▼ Audit and report operating licence compliance by:
  - State Water Corporation
  - Sydney Water Corporation
  - Sydney Catchment Authority
  - Hunter Water Corporation
- ▼ Complete the end of term review of State Water Operating Licence
- ▼ Complete the review of Metropolitan Public Water Utilities Performance Indicators
- ▼ Complete a review of performance indicators for State Water's operations
- ▼ Collect and audit performance indicators on behalf of the National Water Commission

**Water Industry Competition Act 2006 (WICA)**

- ▼ Make recommendations to Minister for Finance and Services on:
  - Licence applications, variations and 5-year reviews
  - Declaration of infrastructure for coverage under access arrangements
- ▼ Maintain registers (eg, licence applications, licensees)
- ▼ Administer licence compliance regime and report annually to the NSW Parliament on the compliance of water network and retail suppliers
- ▼ Facilitate discussions/seminars with industry participants to identify and resolve matters associated with implementation of Act
- ▼ Determine maximum prices for declared monopoly services
- ▼ Complete development of the database to assist management and coordination of public water utility and WICA licence compliance responsibilities.

**Rail access**

- ▼ Review of rail infrastructure compliance with the NSW rail access undertaking for 2011/12

### **Transport fares**

- ▼ Review of taxi fares for the period from 1 July 2013
- ▼ Review of the number of new Sydney taxi licences that should be released from July 2013
- ▼ Review of bus fares for rural and regional bus services from January 2013
- ▼ Review of fares for private ferry services from January 2013
- ▼ Review of CityRail fares from January 2013
- ▼ Review of Sydney Ferries fares from January 2013
- ▼ Review of compliance by metropolitan and outer- metropolitan bus operators with IPART's determination

### **Local Government**

- ▼ Determine the rate peg for 2013/14 by end December 2012. The rate peg is the allowable percentage increase in local government general income for most councils in NSW
- ▼ Review and determine applications from councils for special rate variations (applications to increase general income by an amount that is greater than the rate peg percentage) and for minimum rate variations by end June 2013
- ▼ Review selected council contribution plans for councils and the Minister for Planning and Infrastructure

### **Section 9 and other referrals (including regulation review)**

- ▼ Review of rental arrangements for Crown land communication tower sites
- ▼ Regulation Review: Local Government Compliance and Enforcement
- ▼ Regulation Review: Licence Rationale and Design.
- ▼ Domestic waterfront tenancies-update of rate of return

### **Analysis and Policy Development**

- ▼ Review of tests for the financial sustainability used in price regulation
- ▼ Review of key WACC parameters
- ▼ Risk assessment for licencing and ESS/GGAS
- ▼ Other cross-sectoral research projects to assist IPART in its analysis and consideration of issues

### **Greenhouse Gas Reduction Scheme**

- ▼ Managing GGAS shutdown and cancellations for over 200 accreditations
- ▼ Managing final compliance period for liable parties
- ▼ Management of Audit and Technical Services Panel
- ▼ Preparation of 2012 Report on Compliance and Operation of the NSW GGAS to the Minister
- ▼ Preparation of the GGAS Legacy Report

### **Energy Savings Scheme**

- ▼ Analysis of risk to IPART of administering the NSW Energy Savings Scheme
- ▼ Participating with other Government agencies to harmonise the NSW ESS with the Victorian VEET Scheme where appropriate
- ▼ Developing new methodologies for inclusion in an ESS Rule change
- ▼ Continuing improvement and streamlining of application and compliance processes Maintaining the website for the NSW ESS
- ▼ Managing accreditations, amendments and audits
- ▼ Participating in the ESS Coordination Working Group
- ▼ Hosting Pre-Application Workshops and developing webinars for aspects of the scheme
- ▼ Managing compliance of liable parties
- ▼ Management of Audit Services Panel
- ▼ Manage Tender for new contract for maintenance and operation of the Registry
- ▼ Management of Registry

## Outline budget for 2012/2013

<b>Budgeted Operating Statement</b>	<b>2012/13 \$'000</b>
Employee Related Expenses	14,203
Other Operating Expenses	11,238
Depreciation	578
<b>TOTAL EXPENSES</b>	<b>26,019</b>
TOTAL REVENUE	25,841
<b>NET Result</b>	<b>(178)</b>
<b>Total Government Funding</b>	<b>24,456</b>

## A Legislative Provisions

### Overview

#### A.1 Principal legislation under which IPART operates

IPART was established under the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act). It performs functions under the IPART Act and also under the *Gas Supply Act 1996*, *Electricity Supply Act 1995*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Sydney Water Catchment Management Act 1998*, *Water Management Act 2000*, *Water Industry Competition Act 2006*, *Passenger Transport Act 1990*, *Transport Administration Act 1988*, *State Water Corporation Act 2004*, and *Local Government Act 1993* (under Ministerial delegation). Further discussion of the principal legislation under which IPART operates is set out in section 2 to 8 below.

IPART continues to exercise certain minor functions under the *Prices Regulation Act 1948*, *Gaming Machines Act 2001*, *Crown Lands Act 1989*, *Crown Lands (Continued Tenures) Act 1989*, *Snowy Hydro Corporatisation Act 1997* and *Motor Accidents Compensation Act 1999*.

##### A.1.1 Changes in Acts and subordinate legislation

In 2012, the *Electricity Supply Act 1995* was amended to provide a new function for IPART in determining solar feed-in tariffs. For further discussion of this change and its implications, please see section 4.2 below.

In May 2012, the Governor issued a proclamation prescribing a termination date for the Greenhouse Gas Abatement Scheme of 1 July 2012. For further discussion of this change and its implications, please see section 6 below.

## A.2 Independent Pricing and Regulatory Tribunal Act 1992

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

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

### A.2.1 Regulating prices and reviewing pricing policies

Under the IPART Act, IPART conducts investigations and makes reports to the relevant Minister with respect to determining the pricing for specified government monopoly services supplied by government agencies. It also conducts periodic reviews of the pricing policies of specified government monopoly services.

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

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

There are 2 main ways in which IPART's investigations may be initiated. The first is by standing reference. In particular, section 11 of the IPART Act provides that IPART is to initiate investigations of government monopoly services supplied by those government agencies for which IPART has a standing reference (with such agencies being listed in Schedule 1 of the IPART Act).

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

- ▼ Sydney Water Corporation
- ▼ Hunter Water Corporation
- ▼ Water supply authorities constituted under the *Water Management Act 2000*
- ▼ Declared monopolies under the Water Industry Competition Act
- ▼ County councils established for the supply of water
- ▼ Rail Corporation New South Wales
- ▼ State Transit Authority (but excluding any bus services provided by the Authority under a service contract to which section 28J of the *Passenger Transport Act 1990* applies)
- ▼ Roads and Traffic Authority
- ▼ Department of Housing
- ▼ Port Corporations or other relevant port authorities within the meaning of Part 5 of the *Ports and Maritime Administration Act 1995*
- ▼ Sydney Catchment Authority
- ▼ Water Administration Ministerial Corporation
- ▼ Sydney Ferries (but excluding any services provided by Sydney Ferries under a ferry service contract to which section 16AE of the *Passenger Transport Act 1990* applies)
- ▼ State Water Corporation
- ▼ Country Energy.

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

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

### Public participation and access to information

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

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

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

### Matters IPART must consider

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

- ▼ the cost of providing the services concerned
- ▼ the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standard of services
- ▼ the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales
- ▼ the effect on general price inflation over the medium term
- ▼ the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- ▼ the need to maintain ecologically sustainable development (within the meaning of section 6 of the *Protection of the Environment Administration Act 1991*) by appropriate pricing policies that take account of all the feasible options available to protect the environment

- ▼ the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets
- ▼ the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body
- ▼ the need to promote competition in the supply of the services concerned
- ▼ considerations of demand management (including levels of demand) and least cost planning
- ▼ the social impact of the determinations and recommendations
- ▼ standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise).

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

#### How IPART sets maximum prices

IPART may set maximum prices in either of 2 ways.

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

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

IPART may fix such a price by reference to:

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

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

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

### Implementing maximum prices

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

### Compliance

In their annual reports, all agencies subject to IPART's determinations made under the IPART Act must report on how they have implemented the maximum prices. 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 under the IPART Act to the Premier. Any determination must be published in the NSW Government Gazette as soon as practicable. Reports must be made available for public inspection and sale, tabled in Parliament, and placed in the Parliamentary Library.

#### **A.2.2 Reviewing industries, pricing or competition**

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

#### **A.2.3 Providing assistance to other agencies**

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

shown in the Principal Achievements and 2012/13 Work Program sections in this report.

#### **A.2.4 Arbitrating access disputes**

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

#### **A.2.5 Registering access agreements**

Section 12B of the IPART Act requires that a government agency notify IPART of any proposed access agreements. IPART may provide advice on the proposed agreement to the agency and to the Premier. IPART is required to register all access agreements (section 12C).

#### **A.2.6 Investigating complaints under competitive neutrality regime**

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

### **A.3 Licensing**

IPART is responsible for ensuring various regulated entities meet their licence requirements.

Under the IPART Act, *Electricity Supply Act 1995*, *Gas Supply Act 1996*, *Hunter Water Act 1991*, *Sydney Water Act 1994*, *Sydney Water Catchment Management Act 1998* and *State Water Corporation Act 2004*, IPART is responsible for matters such as making recommendations to the relevant Minister with respect to:

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

- ▼ taking any remedial action as a result of a contravention of the conditions of a licence.

In recent years, IPART has adopted a risk-based approach when making recommendations to the Minister on the terms of public utility licences.

Under the *Water Industry Competition Act 2006*, IPART is responsible for matters such as making recommendations to the relevant Minister with respect to granting licensing applications. Further, it may cancel or suspend licences (with the concurrence of the relevant Minister).

To fulfil its roles under these Acts, IPART monitors licence compliance and reports annually to the relevant Minister regarding such compliance. IPART also has specific licence auditing responsibilities for the electricity and water industries.

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

## **A.4 Energy pricing regulation, disclosure and comparison**

### **A.4.1 Gas Supply Act 1996**

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

To date IPART has not made a gas pricing order, preferring to use a more light-handed form of regulation. Instead, the gas retailers have Voluntary Transitional Pricing Agreements (VTPAs) with IPART. Gas retailers are obliged to set their regulated tariffs and charges in line with these agreements, with IPART monitoring their compliance. The current VTPAs are explained in further detail in the Impacts of IPART's Determinations section in this report.

### **A.4.2 Electricity Supply Act 1995**

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 and charges upon receiving a referral from the relevant Minister. In making its determination, IPART must have regard to the matters set out in the terms of reference and the effect of the determination on competition in the retail electricity market.

In 2012, the *Electricity Supply Act 1995* was amended to provide a new function for IPART in determining, on receiving a referral from the relevant Minister:

1. the retailer benefit component payable by a retail supplier to a customer under the Solar Bonus Scheme for solar PV exports, and
2. the benchmark range for feed-in tariffs paid by retail suppliers for solar PV exports.

In making its determination, IPART must have regard to the matters set out in the terms of reference. IPART made a determination under these provisions in 2012 following a referral from the Minister.

#### **A.4.3 Energy pricing disclosure and comparison**

Under the *Electricity Supply Act 1995* and the *Gas Supply Act 1996*, retail suppliers must provide IPART with pricing information relating to the supply of gas and electricity to small retail customers in NSW. Retailers must also make this pricing information available on their websites and to the public on request. IPART is required to publish this pricing information on its website in a way that enables small retail customers to meaningfully compare the tariffs and charges of retail suppliers.

#### **A.5 Transport pricing regulation**

The *Passenger Transport Act 1990* provides a framework for regulating public transport services. Under this Act, IPART is responsible for setting maximum fares for regular bus services supplied under regular bus service contracts and regular ferry services supplied under regular ferry service contracts. In making its determination, IPART is to consider the following matters:

- ▼ the cost of providing the services concerned
- ▼ the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service
- ▼ the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- ▼ the need to maintain ecologically sustainable development (within the meaning of section 6 of the Protection of the Environment Administration Act 1991) by appropriate pricing policies that take account of all of the feasible options to protect the environment
- ▼ the social impact of the determination
- ▼ standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise) and any suggested or actual changes to those standards
- ▼ contractual arrangements prevailing in the industry
- ▼ such other matters as IPART considers relevant.

## A.6 Greenhouse Gas Reduction Scheme

The NSW Greenhouse Gas Reduction Scheme was introduced by amendments to the *Electricity Supply Act 1995* in December 2002. Since 1 January 2003, electricity retail suppliers and certain other parties have been required to meet mandatory targets for abating greenhouse gas emissions from electricity production and use.

IPART's functions under the Scheme include:

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

IPART must monitor compliance with greenhouse gas benchmarks and must report annually to the Minister for Resources and Energy on compliance. It may also conduct audits.

IPART has also been appointed as the Scheme Administrator by the Minister for Resources and Energy.

As Scheme Administrator, IPART is responsible for:

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

As Scheme Administrator, IPART must monitor and report annually to the Minister for Resources and Energy 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 audits.

In April 2012, the Government announced the closure of the Scheme on the commencement of the Commonwealth carbon pricing mechanism. In May 2012, the Governor prescribed a termination date of 1 July 2012 for the Scheme. Under current legislation, IPART, as Scheme Administrator, will retain its powers until all Scheme related matters are finalised.

## A.7 Energy Savings Scheme

The NSW Energy Savings Scheme (ESS) is designed to create a financial incentive to reduce the consumption of electricity by encouraging energy saving activities. It sets out energy savings targets, and imposes an obligation on NSW electricity retailers (and certain other parties) to surrender sufficient energy savings certificates to meet their individual energy savings targets. The ESS commenced on 1 July 2009 under the *Electricity Supply Act 1995*.

IPART functions as both the ESS scheme administrator and the ESS scheme regulator, and is responsible for assessing applications, accrediting parties to undertake eligible activities and to create certificates, monitoring ESS compliance and monitoring the performance of the ESS participants. IPART also manages the registration and transfer of certificates created from recognised energy savings activities through the ESS Registry.

## A.8 Local Government

In 2011/12, IPART performed functions relating to local government under:

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

IPART's functions relating to local government include:

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

IPART must report annually on our local government functions.

## B Decisions under s16A of the Independent Pricing and Regulatory Act

Under section 16A of the *Independent Pricing and Regulatory Tribunal Act 1996*, the portfolio Minister for a government agency may direct IPART to include in a price determination or price methodology the efficient costs of complying with a requirement imposed on the agency by the portfolio Minister. The requirement may only be one that is imposed by or under a licence or authorisation, by ministerial direction under an Act, or some other requirement imposed by or under an Act or statutory instrument.

The portfolio Minister may only direct IPART after consulting IPART and securing the Premier's approval of the direction. Once IPART is given a direction under s16A, it must comply with the direction and explain in its report the manner in which it has complied with the direction.

In 2011/12, there were no new directions given to IPART under section 16A of the Act.

## C Tribunal Meetings, Public Forums and Submissions

### **Tribunal meetings**

During 2011/12, the Tribunal held 42 meetings.

Dr Peter Boxall, Chairman (commencing November 2011) attended 28 Tribunal meetings and 4 other sessions.

Mr James Cox, CEO and Full Time Member, attended 42 Tribunal meetings, 12 Delegated Tribunal meetings, 11 Delegated Local Government meetings, 10 Greenhouse Gas Reduction Scheme Tribunal meetings, 15 Energy Savings Scheme Tribunal meetings and 12 other sessions.

Ms Sibylle Krieger, Part Time Member attended 42 Tribunal meetings and 12 other sessions.

### **Delegated Tribunal Meetings**

The Tribunal held 12 Delegated meetings, 11 Delegated Local Government meetings, 10 Greenhouse Gas Reduction Scheme Tribunal meetings and 15 Energy Savings Scheme Tribunal meetings.

Mr Eric Groom, Principal Adviser attended 12 Delegated Tribunal meetings, 10 Greenhouse Gas Reduction Scheme Tribunal meetings and 15 Energy Savings Scheme Tribunal meetings.

Mr Peter Egger, independent adviser to the Delegated Tribunal Committee for the administration of the Greenhouse Gas Abatement Scheme, attended 10 meetings.

Dr Brian Spalding, independent adviser to the Delegated Tribunal Committee for the administration of the Energy Savings Scheme, attended 15 meetings.

Mr Stephen Lyndon, Director Analysis and Policy Development, and Mr Stuart McDonald, independent adviser, attended 11 meetings of the Delegated Tribunal Committee for Local Government.

## Public hearings and workshops 2011/12

The Tribunal also hosted 24 public hearings and workshops and 31 meetings with Local Councils.

Date	Investigation	Venue
<b>Water</b>		
22 Aug 2011	Investigation into prices for Sydney Desalination Plant Pty Ltd	Sydney
29 Aug 2011	Review of Price Structures for Metropolitan Water Utilities	Sydney
11 Nov 2011	Review of Sydney Water prices (sales forecast workshop)	Sydney
17 Nov 2011	Review of Sydney Catchment Authority's Operating License and Prices	Sydney
22 Nov 2011	Review of Sydney Water Corporation's Prices	Sydney
20 Jan 2012	Review of Sydney Water prices (tradewaste prices workshop)	Sydney
2 Apr 2012	Sydney Water undertaking for access to drinking water network	Sydney
26 Apr 2012	Review of Sydney Water prices (tradewaste prices workshop)	Sydney
12 Jun 2012	Review of Rural Water Charging System	Griffith
15 Jun 2012	Review of Rural Water Charging System	Narrabri
<b>Energy</b>		
12 Dec 2011	Solar feed-in tariffs public forum	Sydney
30 Apr 2012	Electricity and Gas public forum - 30 April 2012	Sydney
<b>Transport</b>		
5 Aug 2011	Review of access pricing on the NSW grain line network -	Sydney
2 Nov 2011	Rural and Regional buses - Private Ferries and Stockton ferry	Sydney
29 Feb 2012	Roundtable - 2012 Taxi Fare Review	Sydney
<b>Local Government</b>		
19 Jan - 14 Feb 2012	Local Government – Modelling local development contributions and Net Present Value – 4 meetings	Sydney
7 Jul 2011 – 17 Feb 2012	Local Government - Special variation applications, 27 meetings with 21 councils	Sydney
30 Sep 2011 – 5 Jun 2012	Local Government – contribution plan assessments, 6 meetings with 5 councils	Sydney
<b>Other Industries</b>		
14 Oct 2011	ACCC/IPART Workshop on approaches to customer engagement	Sydney
25 Oct 2011	Workshop on more effective customer engagement - utilities	Sydney
25 Oct 2011	Workshop on more effective customer engagement - Representative Bodies and EWON	Sydney
26 Oct 2011	Workshop on more effective customer engagement - State Government Agencies	Sydney
2 Mar 2012	Workshop on customer engagement discussion paper	Sydney
28 May 2012	Workshop on customer engagement final report	Sydney
14 Oct 2011	Incorporating income tax in price reviews – workshop with utilities	Sydney
28 Jul 2011	Concessions model – presentation to government agencies	Sydney
25 Aug and 1 Sep 2011	Concessions model and household survey – presentation to stakeholders	Sydney

## Submissions to projects during 2011/12

The Tribunal invited stakeholders and the public to make submissions to the projects in progress during 2011/12, and received a total of 1381 submissions.

Closure date = day submissions close

**Table C.1 Submissions received from 1 July 2011 – 30 June 2012**

Closure Date	Investigation	Submissions
<b>Electricity</b>		
10/05/2012	Draft Report - Changes in regulated electricity retail prices from 1 July 2012 - April 2012	26
23/01/2012	Draft Report - Solar feed-in tariffs - November 2011	43
<b>Water</b>		
29/07/2011	Discussion Paper - Review of price structures for metropolitan water utilities - June 2011	19
13/04/2012	Discussion Paper - Sydney Desalination Plant - Efficiency and Energy Adjustment Mechanisms - March 2012	2
13/04/2012	Draft Report - Review of prices for Sydney Water Corporations water sewerage drainage and other services - March 2012	10
13/04/2012	Draft Report - Review of prices for the Sydney Catchment Authority - March 2012	6
30/04/2012	Sydney Water Corporation Access Undertaking - February 2012	2
26/06/2012	Discussion Paper- review of rural water charging systems – June 2012	17
12/06/2012	Issues Paper - Review of prices for water sewerage stormwater drainage and other services for Hunter Water Corporation - June 2012	1
12/6/2012	Issues Paper - Review of prices for water sewerage stormwater drainage and other services for Gosford City and Wyong Shire Councils - June 2012	0
12/6/2012	Issues Paper – Review of developer charges for Gosford City and Wyong Shire Councils – June 2012	0
<b>Other Industries</b>		
8/9/2011	The incorporation of company tax in price determinations - September 2011	5
7/10/2011	Review the current method of rent determination for domestic waterfront tenancies in NSW	242
4/5/2012	Review of independent Pricing and regulatory Tribunal regulation 2012	6
31/05/2012	Discussion Paper - Regulatory Impact Statement - May 2012	6
<b>Research</b>		
23/03/2012	Discussion Paper - Customer engagement on prices for monopoly services - February 2012	10
10/02/2012	Discussion Paper - Review of imputation credits - gamma - December 2011	10

<b>Closure Date</b>	<b>Investigation</b>	<b>Submissions</b>
<b><i>Transport</i></b>		
04/06/2012	Issues Paper - Review of fares for CityRail services from January 2013	8
02/04/2012	Issues Paper - Review of fares for Sydney Ferries services from January 2013	11
11/05/2012	Draft Report - 2012 Review of Taxi Fares in NSW - Maximum fares from July 2012	8
03/02/2012	Draft Report - Review of access pricing on the grain line network - October 2011	31
20/03/2012	Issues Paper - 2012 Review of Taxi Fares in NSW - Maximum fares from July 2012 - December 2011	21
03/02/2011	Letter - IPART invitation to stakeholders for submissions on ARTC 2010-11 proposal - December 2011	4
27/01/2012	Review of RailCorps compliance with the NSW Rail Access Undertaking 2009 -2010 - draft decision	1
<b><i>Local Government</i></b>		
15/06/2012	Draft Technical Paper - Modelling local development contributions - May 2012	3
30/09/2011	Discussion Paper – Measuring and Assessing Productivity Performance in Local Government	29
20/04/2012	Submissions on Local Government Special Variation Applications	860 (this includes 480 form letters and 8 petitions)

## D Publications

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### Gas

13/01/2011 Information Paper - Gas retail businesses performance against customer service indicators in NSW - January 2012

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### Electricity

28/06/2012 Energy Licensing - Electricity - License Conditions - Ministerially imposed licence conditions

27/06/2012 Determination - Solar feed-in tariffs - Retailer contribution and benchmark range for 1 July 2012 to 30 June 2013

13/06/2012 Determination - Changes in regulated electricity retail prices from 1 July 2012

13/05/2012 Final Report - Changes in regulated electricity retail prices from 1 July 2012

12/04/2012 Draft Report - Changes in regulated electricity retail prices from 1 July 2012 - April 2012

12/04/2012 Draft Determination - Changes in regulated electricity retail prices from 1 July 2012 - April 2012

15/03/2012 Information Paper - Distribution businesses performance against customer service indicators – For the period 1 July 2006 to 30 June 2011 - March 2012

14/03/2012 Final Report - Solar feed-in tariffs - March 2012

13/01/2012 Information Paper - Electricity retail businesses performance against customer service indicators - January 2012

24/11/2011 Draft Report - Solar feed-in tariffs - November 2011

11/08/2011 Issues Paper - Solar feed-in tariffs - Setting a fair and reasonable value for electricity generated by small scale solar PV units in NSW - August 2011

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### Water

26/06/2012 Discussion Paper - Review of Rural Water Charging Systems - June 2012

21/06/2012 Reporting Manual - Reporting Manual for Sydney Water Corporation - June 2012

20/06/2012 Issues Paper - Review of prices for water sewerage stormwater drainage and other services for Hunter Water Corporation - June 2012

20/06/2012 Issues Paper - Review of prices for water sewerage and stormwater services for Gosford City Council and Wyong Shire Council - June 2012

19/06/2012 Determination - Prices for Sydney Water Corporations water sewerage stormwater drainage and other services from 1 July 2012 to 30 June 2016

## D Publications

19/06/2012	Determination - Review of prices for the Sydney Catchment Authority From 1 July 2012 to 30 June 2016
19/06/2012	Final Report - Review of prices for Sydney Water Corporations water sewerage stormwater drainage and other services from 1 July 2012 to 30 June 2016
19/06/2012	Final Report - Review of prices for the Sydney Catchment Authority - From 1 July 2012 to 30 June 2016
23/05/2012	Audit Guideline - Public Water Utilities - May 2012
15/05/2012	Report to the Minister - Hunter Water Corporation Operating Licence - April 2012
3/05/2012	Application for a Network Operator's and Retail Supplier's Licence from Orica Australia Pty Ltd - IPART's report to the Minister
30/04/2012	Methodology Paper - Sydney Desalination Plant - Efficiency and Energy Adjustment Mechanisms - April 2012
16/04/2012	Report to Minister - End of Term Review for Sydney Catchment Authority's Operating Licence - April 2012
12/04/2012	Performance Report - NSW water utilities performance 2010-11 - April 2012
19/03/2012	Discussion Paper - Sydney Desalination Plant - Efficiency and Energy Adjustment Mechanisms - March 2012
16/03/2012	Draft Determination - Sydney Water Corporation - March 2012
16/03/2012	Draft Determination - Sydney Catchment Authority - March 2012
16/03/2012	Final Report - Review of price structures for metropolitan water utilities - March 2012
16/03/2012	Draft Report - Review of prices for Sydney Water Corporations water sewerage drainage and other services - March 2012
16/03/2012	Draft Report - Review of Sydney Catchment Authority prices - March 2012
16/03/2012	Compliance Report - Licence compliance under the Water Industry Competition Act 2006 - Annual Report 2010-2011 - October 2011
01/02/2012	Compliance Report - Sydney Catchment Authority Operational Audit 2010/11 - Report to the Minister - December 2011
29/02/2012	Audit Guideline - Water Industry Competition Act - February 2012
20/01/2012	Compliance Report - State Water Corporation Operational Audit 2010 - 2011 - Report to the Minister December 2011
9/01/2012	Compliance Report - Sydney Water Corporation Operational Audit 2010-2011 - January 2012
09/01/2012	Compliance Report - Hunter Water Corporation Operational Audit 2010/11 - 9 January 2012
20/12/2011	Application for variation to licence conditions from Sydney Desalination Plant Pty Limited
09/12/2011	Determination - Prices for Sydney Desalination Plant Pty Limited's Water Supply Services - December 2011
09/12/2011	Final Report - Review of water prices for Sydney Desalination Plant Pty Limited - From 1 July 2012 - December 2011

13/10/2011	Application for a Network Operator's and Retail Supplier's Licence from Osmoflo Water Supply Pty Ltd - IPART's report to the Minister
15/08/2011	Compliance Report - Sydney Water Corporation Operational Audit 2009/10 - November 2010
24/01/2011	Final Report - Review of Water Supply Sewerage and Stormwater Developer Charges Guidelines - September 2007

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### Transport

23/04/2012	Issues Paper - Review of fares for CityRail services from January 2013
16/04/2012	Draft Report - 2012 Review of Taxi Fares in NSW - Maximum fares from July 2012
13/02/2012	Issues Paper - Review of fares for Sydney Ferries services from January 2013
21/12/2011	Issues Paper - 2012 Review of Taxi Fares in NSW - Maximum fares from July 2012 - December 2011
15/12/2011	Determination - Stockton Ferry Service - December 2011
15/12/2011	Final Report - CityRail and Metro Bus Prices and Services Report 2011 - December 2011
15/12/2011	Report and Recommendations - Review of fares for private ferry services and the Stockton ferry services for 2012 - December 2011
09/12/2011	Determination – Rural and regional bus services – December 2011
09/12/2011	Final Report - Rural and regional bus fares from January 2012 - December 2011
31/10/2011	Draft Report - Review of access pricing on the grain line network - October 2011
28/07/2011	Discussion Paper - Review of access pricing on the NSW Grain Line Network - Roundtable - 5 August 2011

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### Research

16/03/2012	Final Decision - Review of imputation credits - gamma - March 2012
10/02/2012	Discussion Paper - Customer engagement on prices for monopoly services - February 2012
21/12/2011	Research Report - Determinants of residential energy and water consumption in Sydney and surrounds - December 2011
20/12/2011	Discussion Paper - Review of imputation credits - gamma - December 2011
17/12/2011	Final Decision - The incorporation of company tax in pricing determinations – December 2011
08/12/2011	Draft Report - The incorporation of company tax in pricing determinations – September 2011
21/07/2011	Working Paper - Incentives for cost-saving in CPI-X regimes - July 2011

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### Local Government

27/06/2012	Determination - Blayney Shire Councils application for a special variation 2012/13 - 27 June 2012
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## D Publications

04/06/2012	Determination - Coffs Harbour City Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Gilgandra Shire Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Gundagai Shire Councils application to increase minimum rates 2012/13 - 4 June 2012
04/06/2012	Determination - Hunters Hill Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Muswellbrook Shire Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Nambucca Shire Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Newcastle City Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Port Macquarie-Hastings Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Tamworth Regional Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Willoughby City Councils application to increase minimum rates 2012/13 - 4 June 2012
04/06/2012	Determination - Wingecarribee Shire Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Kempsey Shire Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Lake Macquarie City Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - North Sydney Councils application for a special variation 2012/13 - 4 June 2012
04/06/2012	Determination - Queanbeyan City Councils application for a special variation 2012/13 - 4 June 2012
15/05/2012	Draft Technical Paper - Modelling local development contributions - May 2012
06/12/2011	Information Paper - Effects of the carbon price on local councils - December 2011
06/12/2011	Information Paper - 2012-13 Rate Peg - December 2011
09/11/2011	Annual Report – Report on IPART functions in relation to local government in 2010/11 – October 2011
27/10/2011	Assessment - Assessment of The Hills Shire Councils Contributions Plan No 12 - October 2011
27/10/2011	Assessment - Assessment of The Hills Shire Councils Contributions Plan No 13 - October 2011
27/10/2011	Assessment - Assessment of Blacktown City Councils Section 94 Contributions Plan No 20 - October 2011
30/09/2011	Discussion Paper - Measuring and Assessing Productivity Performance in Local Government - September 2011

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**Other Industries**

31/05/2012	Review of Electrical Safety Issues for Lighting Technologies under the NSW Energy Savings Scheme – May 2012
30/05/2012	Final Report - Review of method for determining rents for domestic waterfront tenancies in NSW - December 2011
23/05/2012	Final Report - Ethanol supply and demand in NSW - March 2012
23/05/2012	Final Report and Recommendations - Pricing NSW Government radio services - August 2011
04/05/2012	Discussion Paper - Regulatory Impact Statement - May 2012
14/12/2011	Final Report - Review of the Productivity of State Owned Corporations - July 2010
14/12/2011	Methodology Paper – Review of the Productivity of State Owned Corporation - Approach to measuring productivity and summary of studies – July 2010
31/10/2011	Annual Report 2010/11

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## E Agency structure and plans

### Equal Employment Opportunity

EEO statistics (total staff by level and employment basis)

#### Number of employees by category, and comparison to prior 3 years as at 30 June 2012

	2012	2011	2010	2009
Chairman and Chief Executive	2	1	1	2
Directors & General Managers	7	6	8	6
Program Managers	15	15	12	12
Managers	4	4	4	4
Analysts	61	55	45	41
Graduates analysts	2	6	5	8
General Counsel	1	1	1	1
Legal Officers	2	2	0	2
Support Officers	21	17	15	14
<b>Total number of staff includes full time, part-time, temporaries and graduates</b>	<b>115</b>	<b>107</b>	<b>90</b>	<b>90</b>
Part-time Tribunal Members	1	1	1	1
Temporary Members	0	0	0	0
Total number of Staff including members	116	108	91	91

#### Trends in the Representation of EEO Groups

	Target as %	2012	2011	2010	2009
Women	50	61.4	58.5	56	57
Aboriginal people and Torres Strait Islanders	2	0	0	0	0
People whose first language was not English	20	21.8	18.9	19	21
People with a disability	12	2	.9	0	2
People with a disability requiring work-related adjustment	7	0	.9	0	0

Trends in the Distribution of EEO Groups	Benchmark/ Target	Distribution Index			
		2012	2011	2010	2009
Women	100	101	101	103	99
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	92	90		n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

**Notes**

1. Staff numbers are as at 30 June 2012.
2. Excludes casual staff.
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

## Award Initiatives

There were no significant changes to IPART's Award. A number of minor changes were made pursuant to changes in the Crown Employees (Public Service Conditions of Employment) Award, for example provision of facilities for lactating mothers and provision of leave for matters arising from domestic violence.

## Personnel Policies and Practices

Activities for the reporting period include:

- ▼ Development of the Public Interest Disclosure policy
- ▼ Review of the Work Health and Safety policy to ensure compliance with new legislation
- ▼ Provision of private facilities for lactating mothers
- ▼ Conduct of a staff climate survey in 2012. The response rate was 86%. A very high proportion of staff were positive about almost all areas covered in the survey. The best aspects of working in IPART were reported as professional and collegiate work environment, the interesting work and flexibility.

There were no changes to IPART's code of Conduct.

## Public Interest Disclosures

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

IPART introduced a public interest disclosure policy in the reporting period. This was modeled on the NSW Ombudsman example. The policy was introduced to all staff and managers with a number of training workshops conducted by a representative of the Ombudsman's office. The objective of the workshops was to inform, clarify objectives of policy, and seek feedback on the policy itself. Some minor enhancements were added to the policy document as a result of these workshops.

## Work Health and Safety

There were no prosecutions under the Work Health and Safety Act in the reporting period.

The work health and safety policy was reviewed to ensure compliance with the new legislation requirements.

The Work Health and Safety Committee commenced consultation with IPART staff on the changes and potential new arrangements arising from the updated health and safety legislation. Outcomes from this consultation process will determine how safety in the office will be addressed by the Committee.

Workstation ergonomic reviews are conducted for all new starters to instruct staff on how best to set up a workstation and for early identification of individual concerns. IPART invests in regular monitoring of work station ergonomics for all staff.

The agency supports annual vaccination against influenza.

Sports and other activities are encouraged to promote a healthy lifestyle. These include in-house yoga classes, corporate sports activities including touch football and sponsorship for physical activity for charity.

The Work Health and Safety Committee conducted site inspections to formally identify and report on any areas requiring attention. Areas identified and addressed included housekeeping, storage, and cleanliness of common areas such as kitchens. No major issues or concerns were identified but the results were reported to management.

Work health and safety is a standard item on every team management and committee agenda.

All staff are encouraged to contact a Committee representatives or human resources staff member to make suggestions for improvement.

IPART conducted in-house workshops for all managers to help them identify and address any stress-related issues in their team. The workshop covered areas such as how to recognize stress and ways to communicate with staff, health and safety responsibilities for the manager and the organization and case studies to further enhance the learning experience.

### **Multicultural Policies and Services Program, Disability Plan and Equal Employment Opportunity**

The next reporting year for IPART is 2013.

### **Corporate Plan**

IPART revised the Corporate Plan in response to the Government's strategic direction defined in the new State Plan, *NSW 2021*. The Tribunal had not ratified the revised plan by end June 2012. However, IPART's broad corporate objectives are unchanged and are outlined in the current corporate plan published on our website, and progress towards meeting corporate objectives is assessed for each program element at page 22.

### **Privacy plan**

IPART's Privacy Plan was revised in 2010/11. No complaints or requests for internal reviews was received. New staff members are briefed on the Plan as it relates to their role at induction. A copy of the plan is available and accessible by all staff and a Privacy Statement is available on the IPART website for public viewing.

### **Asset management plan**

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

### **Credit Card Compliance**

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

## Report on account payment performance

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	98,619	0	0	0	0	0
December Quarter	2,154	0	0	0	0	0
March Quarter	117,222	0	0	0	0	0
June Quarter	456,692	0	0	0	0	0
Small business suppliers						
September Quarter	0	0	0	0	0	0
December Quarter	0	0	0	0	0	0
March Quarter	0	0	0	0	0	0
June Quarter	0	0	0	0	0	0

## Accounts paid on time within each quarter

Quarter	Target	Actual	Total Amount Paid (\$)
September Quarter	88%	100%	6,396,231
December Quarter	88%	100%	3,525,707
March Quarter	88%	100%	4,115,941
June Quarter	88%	99%	2,993,274

During 2011/12, 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.

## Details of Annual Report production

There were no external costs incurred in the production of the report. An electronic copy of this report is available at IPART's website.

## Consultants

During 2011/12, IPART engaged the following consultants for a total expenditure of \$2,716,886 (work on some of these consultancies was still proceeding at 30 June):

<b>Consultants equal to or more than \$50,000</b>		
<b>Consultant</b>	<b>\$ Cost</b>	<b>Title</b>
	<b>(ex. GST)</b>	
<b>Engineering</b>		
Halcrow Pacific	86,612.00	2010/2011 Operational Audit Sydney Catchment Authority
t-cAM Consulting	104,500.00	2010/11 Operational Audit Sydney Water Corporation
t-cAM Consulting	85,850.00	2010/2011 Operational Audit Hunter Water Corporation
t-cAM Consulting	82,770.00	2010/2011 Operational Audit State Water Corporation
<b>Sub Total Engineering</b>	<b>359,732.00</b>	
<b>Finance and Accounting</b>		
Atkins International	202,930.50	Review of Sydney Water's operating and capital expenditure and audit of asset management obligation
Centre for International Economics	84,780.00	Review of Fares for Taxis from July 2011 - Taxi Cost Index Survey 2011
Deloitte Touche Tohmatsu	57,216.98	Review of Sydney Water Liquid Trade Waste prices
Deloitte Touche Tohmatsu	83,380.00	Review of access pricing on the NSW grain line network
Deloitte Touche Tohmatsu	102,763.20	Electricity Tariff Equalisation Fund Audit 2010
Frontier Economics	252,993.40	Annual review of Total Energy Costs (2012)
Frontier Economics	142,875.00	Solar feed-in tariffs
Frontier Economics (SFG Consulting)	64,083.77	Advice on energy costs of the Sydney Desalination Plant
Halcrow Pacific Pty Ltd	78,155.00	Review of the Operating and Capital Expenditure of Sydney Desalination Plant Pty Ltd
Halcrow Pacific Pty Ltd	226,280.00	Review of operating and capital expenditure of the SCA
Land and Property Information	125,000.00	Review of the discount factor used in the formula to determine rents for domestic waterfront tenancies in NSW

<b>Consultants equal to or more than \$50,000</b>		
<b>Consultant</b>	<b>\$ Cost</b>	<b>Title</b>
	<b>(ex. GST)</b>	
LEK Consulting	438,877.27	Review of fares for Sydney Ferries 2011
Sapere Research Group	84,600.00	Review of NSW Country Regional Network Access Pricing
<b>Sub Total Finance and Accounting</b>	<b>1,943,935.15</b>	
<b>Total Consultancies equal to or more than \$50,000</b>	<b>2,303,667.15</b>	
<b>Consultants less than \$50,000</b>		
Information Technology (1 engagement)	3,875.92	
Engineering (2 engagements)	57,119.09	
Finance and Accounting (13 engagements)	311,957.02	
Management Services (4 engagements)	40,266.72	
<b>Total Consultancies less than \$50,000</b>	<b>413,218.77</b>	
<b>Total Consultancies</b>	<b>2,716,885.92</b>	

### Contract executive profile

All of IPART's executive staff are employed under contract but 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.

## Salaries of statutory appointees and contract executives

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

No performance-related payment (bonus) was made to Statutory Appointees or 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 (\$247,301 at 30 June). At IPART, this applies to:

Name	Position	Total Salary Package
Peter Boxall	Chairman (part-time 3 days per week)	\$281,180
James Cox	Chief Executive Officer and Full Time Member and Acting Chairman until 22 November 2011	\$389,150
Fiona Towers	Director Energy and Transport	\$249,643

### Peter Boxall

*Appointed 23 November 2011.*

The key accountabilities for 2011/12 were:

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

### **James Cox**

*Appointed on 17 December 2004.*

The key accountabilities for 2011/12 were:

- ▼ As the Chief Executive Officer, the Tribunal's professional output and overall operations, including the general conduct and effective, efficient and economical management of the functions and activities of IPART.
- ▼ As the Acting Chairman, accountable for the Tribunal's decision-making process and outcomes about pricing determinations, industry inquiries, arbitration of access and competitive neutrality disputes. He also managed key external relationships and periodically communicated IPART's vision, values, plans and achievements.
- ▼ As the Full Time Tribunal Member participates in Tribunal decision-making.

## F | Audit and Risk Management

### **Internal Audit and Risk Management Statement for the 2011-2012 financial year for the Independent Pricing and Regulatory Tribunal**

I, James Cox, Chief Executive Officer, am of the opinion that IPART has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08, *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of IPART to understand, manage and satisfactorily control risk exposures.

I, James Cox, am of the opinion that the Audit and Risk Committee for IPART is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

Independent Chair - Mr Ian Neale, start second term 17 February 2012, finish term 17 February 2015.

Independent Member - Mr Paul Crombie start second term 12 August 2012, finish term 12 August 2015

Non-independent Member - Ms Pamela Soon, Legal Counsel, start term 17 August 2012, finish term 17 August 2013.

A handwritten signature in black ink that reads "James Cox". The signature is written in a cursive style with a large, stylized initial 'J'.

James Cox  
Chief Executive Officer

## Insurance

IPART contributes to the Treasury Managed Fund for workers compensation, motor vehicle accidents, property loss, public liability and various other insurance risks. During 2011/12, there was 1 property claim with a net incurred loss of \$607.27 and no motor vehicle, liability or miscellaneous claims.

IPART's exposure to property theft is low due to restricted access to work areas during the day and a secure building environment after hours. A Visitors Log is maintained for WHS and security purposes.

A review of crisis management preparedness in responding to disasters and emergency situations was conducted in 2011/12. This involved updating all crisis management team documentation and a facilitated scenario testing exercise for key team members.

## Internal and external reviews

IPART reviewed the following areas in 2011/12 as part of the internal audit and risk management program. They were:

### Key Financial and Administrative Controls

IPART undertakes an annual broad health check of key processes and controls.

The scope of the project in 2011/12 included a review of:

- ▼ The application of financial delegations and any impact arising from the new SAP system.
- ▼ General office expenditure.
- ▼ Expenditure related to the use of consultants, including a review of the workflow process related to IPART's policy on the engagement of consultants in terms of the minor changes recommended in the last review of the process and any impact arising from the new SAP system.
- ▼ The usage of petty cash and any impact arising from the new SAP system.
- ▼ Credit card usage.
- ▼ The usage of mobile phones and desktop telephone and compliance to the IPART Communications Device Policy.
- ▼ Travel expenditure and compliance with IPART's Travel Policy and any impact arising from the new SAP system.
- ▼ Associated policies and procedures.

The project was undertaken using a combination of audit procedures comprising the observation and examination of current processes and controls, discussions with key staff, the testing of related transactions, and the review of relevant documentation. Based on the results of the fieldwork, the Internal Audit Bureau concluded that the internal control environment operating over the specific administrative and financial processes examined in this review are adequate and operating effectively. However, the auditor did identify some low risk rated areas, relating to the payment and reconciliation of petty cash, where internal controls could be strengthened.

#### **IT policy review consistent with ISO 27001**

IPART made a decision to cease the onerous audit regime associated with ISO 27001 accreditation but also committed to complying with the concepts and maintaining policies and practices consistent with the standard. It is timely to review the entire suite of IT policies to ensure they are consistent with best practice, to ensure they are current and to identify areas for improvement. All the policies were reviewed by an independent external expert and a number of changes were made to improve compliance with best practice standards.

#### **Managed Security Services contract renewal**

Since the security services contract is due for renewal in October 2012 IPART took the opportunity to conduct an independent review of the coverage of the contract, in relation to IPART's needs and best practice. Based on this independent review IPART developed a Request for Quote and tested the market through the NSW Government procurement panel. IPART will award the contract in 2012/13.

#### **Training and implementation of revised report writing guidelines**

IPART's executive has invested considerable thought in collaboration with our principal editor to develop guidelines on how to write clear and well-argued reports. This project entailed finalising the guidelines and implementing them with appropriate in-house training.

## Records Management

Compliance with the State Records Act and the Government Information Public Access Act, and the critical importance of good record keeping to efficient management and for legal defence, makes records management both a key control and a regulatory obligation. With the growth in numbers of staff and high workload, records management is a risk area. The audit addressed staff knowledge of their responsibilities, the correct use of naming protocols, the adequacy of training, the completeness of files, compliance with maintenance and disposal.

From a compliance and risk perspective, the audit found that the TRIM recordkeeping system captures sufficient information about an electronic record to comply with State Records NSW requirements for digital recordkeeping. Secondly, even those documents not in TRIM but stored on shared drives are discoverable in the event of legal action or an access to information request.

However the audit recommended a number of changes to recordkeeping practice and policy in regards to who should be capturing electronic records into TRIM and when the records should be captured.

## WH&S stress identification and management

Workload and resourcing issues have raised the risk of errors, tension in teams and even stress claims. To assist IPART managers identify at risk employees and reduce risks to the individual and work quality, IPART developed in-house training and a reference manual for both managers and staff, reducing the risk of escalation to a formal compensation claim.

## Ergonomic reviews

With the recruitment of new staff, the movement of others and the new technology of dual monitors, IPART carried out a fresh round of ergonomic assessments. There was a full desk review of all new and relocated staff, and a review of the monitor set-up for all others.

## G External liaison

### Overseas visits

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

Staff Member	Travel to	Date	Reason for travel	Cost
Margaret Sniffin	Washington DC, USA	17 – 23 April 2012	Invitation from International Energy Agency and Regulatory Assistance Project (RAP) to present at a workshop on energy efficiency.	Nil - The airfare, accommodation and meals were all paid by the IEA.

### External presentations

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

#### James Cox, Chief Executive Officer and Full Time Member

Title	Venue	Date
The Value and Price of Microgenerated Solar – how do we design a fair and sustainable price for electricity generated by microgeneration solar PV	Solar Summit, Newcastle Institute for Energy & Resources, University of Newcastle	1 July 2011
IPART's Role in Utility Regulation	Infrastructure Partnership Australia Regulatory Taskforce Meeting - Governor Macquarie Tower, Sydney	11 August 2011
Promoting Improved Efficiency in Regulation	The Regulatory Policy Officers' Conference 2011 – Canberra ACT	30 August 2011
Taxi regulation in NSW: an IPART perspective	Victorian Taxi Industry Roundtable – Melbourne	2 September 2011
Review of Access Pricing for NSW Grain Line Network	NSW Transport Infrastructure Summit Sydney	6 October 2011
Water Pricing	Australian Sustainable Business Group Policy Reference Group Workshop	11 October 2011

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Hunter Water Audit results	Hunter Water Consultative Forum – Newcastle	21 December 2011
Overview of the Energy Savings Scheme	Energy Savings Forum – Masonic Centre, Sydney	23 February 2012
Financing the Infrastructure Backlog Imposts on Local Government	Southern Councils Group General Manager's Meeting – Nowra	24 February 2012
Section 94 Capping – Impact on Local Government	General Manager's Convention – Liverpool, Sydney	16 March 2012
Water Pricing, Regulation, Governance and Reform	Australian Water Congress and Expo 2012 – Grace Hotel Sydney	19 April 2012
Critical current issues in the water sector	Investment and Regulation Conference 2012 – Sydney	1 June 2012
The challenges of Balancing Electricity Retail Prices	Australian Energy & Utility Summit Conference – Sydney	29 June 2012

#### **Water - Amanda Chadwick, Director**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART's Water projects for 2011/12	Annual Stakeholder briefing, IPART offices	1 September 2011
Contemporary pricing challenges in Australian urban water	Australian Water Pricing Summit, Marriott Hotel	24 October 2011
Contemporary issues for water industry regulation	Ozwater Conference 2012, Sydney Convention Centre	8 May 2012

#### **Water - Scott Chapman, Senior Analyst**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART's Water projects for 2011/12	Stakeholder briefing, Sydney	20 December 2011

#### **Water - Carly Price, Senior Technical Analyst**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Regulating private sector involvement in water and wastewater services in NSW	Local Government and Shires Association, South Grafton	16 September 2011

**Water - Kaye Power, Senior Technical Analyst**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Water Industry Competition Act	Policy and Practice Workshop Environmental Health Network Group, North Sydney	23 February 2012

**Water - Narelle Berry, Senior Technical Analyst**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Practical implications for the water industry of the ISO standard for asset management – panel	Ozwater Conference 2012, Sydney Convention Centre	8 May 2012

**Local Government – Alison Milne, Director**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART's new Local Government functions	Annual Stakeholder briefing, IPART offices	1 September 2011
Rate peg, rate variations and contributions plans	Local Government Managers Australia General Managers and Directors' Convention	25 November 2011
Financing the infrastructure backlog imposes on local government	Southern Councils Group General Managers Meeting, Shoalhaven	24 February 2012
Role of IPART in local government rate setting	International Property Tax Institute Conference, Sydney	5 March 2012

**Local Government – Michael Seery, Program Manager**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART and Local Government: 2012/13 rate peg and rate variations	Western Sydney Finance Professionals meeting, Penrith Council Chambers	25 November 2011
Section 94 Capping – Impact on Local Government	Western Sydney Finance Professionals meeting, Penrith Council Chambers	16 March 2012
Review of Contributions Plans – The role of IPART	Local Infrastructure Funding Short Course, University of Technology Sydney	8 September 2011 and 28 June 2012

**Local Government – Ken Maxwell, Program Manager**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Special Rate Variations	Local Government Managers Australia Integrated Planners Member Network Forum, Kogarah	19 August 2011
Special Rate Variations	Hunter and Central Coast Integrated Planners Forum, Wyong	1 September 2011

**Local Government – Dennis Mahoney, Program Manager**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART and Local Government 2012/13 rate peg and rate variations	Sydney North Finance Professionals meeting, Lane Cove Council Chambers	25 November 2011
IPART and Local Government 2012/13 rate peg and rate variations	NSW Northern Rivers & Mid North Coast Finance Professionals meeting, Coffs Harbour	8 December 2011
IPART and Local Government 2012/13 rate peg and rate variations	South East Sydney Regional Group Finance Professionals meeting, Woollahra Council Chambers	15 December 2011
Role of IPART in local government rate setting	NSW Revenue Professional Conference, Penrith	13 March 2012
IPART and the impacts of pricing carbon emissions	Local Government Managers Australia NSW Local Government Finance Professionals Conference, Sydney Olympic Park	29 May 2012

**Local Government – Nicole Haddock, Senior Analyst**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
IPART – challenges in local government rate setting	Local Government Managers Australia NSW Local Government Finance Professionals Conference, Sydney Olympic Park	28 May 2012

**Energy Savings Scheme – Margaret Sniffin, General Manager**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
The Energy Savings Scheme	Policies for Energy Provider Delivery of Energy Efficiency (PEPDEE) Workshop, Sydney University	12 December 2011
The Energy Savings Scheme	The Renewable Quarterly Review, Grace Hotel Sydney	20 March 2012
The NSW Energy Efficiency Scheme – an effective model for a national energy savings initiative?	Summer Study, Energy Efficiency & Decentralised Energy, Novotel Sydney Manly Pacific	2 March 2012
The Energy Savings Scheme	US DOE/IEA/RAP Workshop on Policies for Energy Provider-Delivered Energy Efficiency, Washington DC, USA	18 April 2012

**Energy – Anna Brakey, Program Manager**

<b>Title</b>	<b>Venue</b>	<b>Date</b>
Presentation on IPART's draft report into a fair and reasonable tariff for solar	Presentation to Clean Energy Council Sydney	29 November 2011

## Complaints

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

This financial year there was an increase in complaints about IPART's decisions on energy pricing - 643 complaints compared with 354 last financial year. IPART explained the process and factors affecting IPART's most recent Determinations.

Complaints about water pricing fell significantly from 93 last financial year to 7 in 2011/12. These complaints focussed on increased sewage service charges. Again, IPART took pains to explain the basis for the decision.

A further 21 complaints were made about the behaviour of salesmen or technicians engaged in replacement programs under the Energy Savings Scheme and IPART was able to request a response from the accredited participant company.

In response to IPART's role in Local Government 14 complaints were recorded. This included complaints from ratepayers dissatisfied with IPART's decisions on requested variations to rates and complaints from councils regarding the rate peg and the carbon price advance included in the 2012/13 rate peg.

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

## Complaints about competitive neutrality

There were no complaints about non-compliance with competitive neutrality referred to IPART in 2011/12.

## Funds granted to non-government community organisations

IPART granted \$1,000 to sponsor IPART runners in the J P Morgan Chase Corporate Challenge in 2011/12. The money raised is given to local charities.

## Waste Avoidance and Resource Recovery

During the past 3 years IPART has continued to follow waste reduction strategies that have been implemented previously. Such strategies include:

- ▼ The use of email and electronic records management to circulate internal documents, thus reducing the volume of hard copy documents within the office
- ▼ Default setting to double side on all print devices with this functionality to reduce paper consumption
- ▼ Introduction of Tribunal papers distribution on iPad devices to reduce print volume
- ▼ Availability of IPART reports on the agency website which reduces the need for large print runs and paper copies of reports
- ▼ Purchase of paper supplies which include recycled content
- ▼ Standardisation of office machines to reduce overall consumable requirements
- ▼ Paper and cardboard recycling system within the office space
- ▼ Additional recycling for bottles, plastics and cans in kitchens
- ▼ Empty printer cartridges are collected for recycling and remanufactured cartridges are purchased for use in all black and white printers.

## H Government Information (Public Access) Act

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

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

### Availability of information

Copies of all documents in IPART's public access library are available for public inspection at the IPART office, Level 8, 1 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 website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

Where information is not available on IPART's website, an informal request for this information may be made to IPART by contacting IPART's Right to Information Officer Meryl McCracken ([meryl\\_mccracken@ipart.nsw.gov.au](mailto:meryl_mccracken@ipart.nsw.gov.au)). Unless there is an overriding public interest against disclosure of the information, IPART will try to release information without the need for a formal access application.

Over the last financial year, IPART has received a number of informal requests for information and, where appropriate, dealt with these by providing the requested information unless there was an overriding public interest against disclosure.

## Formal access application

Where information is not available on IPART's website or not able to be provided by informal request, a formal access application may be made to IPART. This involves downloading and completing the access form (available on IPART's website) and sending it to the following address:

Ms Meryl McCracken  
Right to Information Officer, IPART  
Level 8, 1 Market Street  
Sydney NSW 2000

The application must be accompanied by an application fee of \$30. Further details about making a formal access application is available on IPART's website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)).

## Formal requests made during this year

IPART received 3 applications under the *Government Information (Public Access) Act 2009* during the reporting year.

On 4 May 2012, we received an application from a media organisation for access to:

- ▼ any internal report created by IPART discussing the accuracy, fairness or independence of electricity price comparison websites marketed for NSW consumers, and
- ▼ correspondence written to electricity companies or electricity price comparison website operators by IPART concerning the accuracy, fairness or independence of electricity price comparison websites marketed for NSW consumers.

IPART identified 26 documents (4 internal reports and 22 items of correspondence) within the scope of the request and, on 6 June 2012, IPART granted full access to the documents sought.

On 18 May 2012, we received an application from a media organisation for access to documents produced in the last 12 months showing any assessment, analysis, reports or advice on the likely impact of the Federal Government's carbon tax on State (a) wholesale and (b) retail electricity prices. The media organisation withdrew its request on 13 June 2012.

On 12 June 2012, we received an application from an industry association for access to documents containing information about the reselling of metropolitan bus and/or ferry tickets and a number of related matters. As at 30 June 2012, this application had not yet been decided. The outcome of this application will be reported in the 2012/13 Annual Report.

As in the previous year, IPART received no requests for amendment or notation of personal records.

### **Request carried forward from the previous year**

There were no requests carried forward from the previous year.

### **Review of information to be proactively released**

Complying with section 7 (3) of the Act IPART has completed its review of its program for proactive release of government information held by IPART. IPART routinely publishes a significant amount of information on its website. To ensure that information that should be made available in the public interest is released, IPART's Right to Information Officer meets with the director of each section within IPART to review the information currently released and ascertain whether additional information can be released. As a result of this review, no additional documents were made publicly available. While this indicates that IPART's program for the release of government information is ensuring the appropriate government information is being made available, IPART's Right to Information Officer continues to monitor compliance with that program.

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

IPART did not refuse any applications in the 2011/12 reporting year. The application made on 12 June 2012 will be decided in 2012/13 and will be reported in the 2012/13 Annual Report.

### **Statistical information**

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

**Table A** Number of applications by type of applicant and outcome

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

**Table B** Number of applications by type of application and outcome

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

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

**Table C Invalid applications**

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	-
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	-

**Table D Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

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

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

**Table E Other public interest considerations against disclosure: matters listed in table to section 14 of Act**

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

**Table F Timelines**

	<b>Number of applications</b>
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with the applicant)	-
Not decided within time (deemed refusal)	-
<b>Total</b>	<b>1</b>

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

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

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

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



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